

The Global Newspaper Edited and Published in Paris...



William Stern with his daughter, Baby M, earlier this year.

Custody of Baby M Awarded to Father

HACKENSACK, New Jersey — A judge awarded custody of Baby M to her father Tuesday, ruling that the surrogate mother who gave birth to her must honor the contract in which she pledged to surrender the child.

House Crushes A Reagan Veto

WASHINGTON (AP) — The Democratic-controlled House of Representatives voted 350-73 on Tuesday to override President Ronald Reagan's veto of an \$88 billion highway and mass transit bill.

Scots at Caterpillar Ponder a Future Without Their Factory

By Warren Getler International Herald Tribune GLASGOW — Last Christmas, prospects were looking bright for Jim Shields. Months earlier he had purchased a home for his family of three, on the assumption that his job at Caterpillar's Uddingston plant near here was secure.

Seoul Grooms Aspiring Emigrants to Go Forth and Succeed

By Susan Chira New York Times Service SEOUL — With the same single-minded drive that transformed South Korea's economy in little more than a generation, the government here is pressing an ambitious program to groom aspiring emigrants for life overseas.

Thatcher Cites Gap On Arms

Meets Sakharov, Says Openness Aids Progress

By Karen DeYoung Washington Post Service MOSCOW — Prime Minister Margaret Thatcher of Britain said Tuesday that a dispute over constraints on Soviet short-range nuclear weapons "might hold up complete agreement" on a separate medium-range weapons accord.

Reagan, Chirac Join AIDS Fight

WASHINGTON — President Ronald Reagan and Prime Minister Jacques Chirac of France announced an agreement here Tuesday to combine their countries' rival efforts in combating AIDS.

Belgrade Sets Exceptions to Wage Freeze

BELGRADE — The parliament voted on Tuesday to grant exceptions to a wage freeze that had set off the worst labor conflict in post-war Yugoslavia.

3d Marine Held in Spy Case

Served in Moscow At Time Alleged Breach Occurred

WASHINGTON — A third U.S. marine who served as a guard at the U.S. Embassy in Moscow has been arrested as a new suspect in an espionage plot involving U.S. Marine guards at the embassy.



Margaret Thatcher meeting Andrei D. Sakharov and his wife, Yelena G. Bonner, in Moscow on Tuesday.

Reagan, Chirac Join AIDS Fight

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Prime Minister Jacques Chirac of France, left, speaking during a White House ceremony on Tuesday as President Ronald Reagan and Secretary of State George P. Shultz listened.

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Table with exchange rates for various currencies including the Dollar, Pound, and others.

Paul Newman's first Oscar: Best Actor in 'The Color of Money.' Other awards, the back page.



# A U.S. Spy Left Out in the Cold

## Man Who Helped Catch Soviet Agent Says FBI Lied to Him

By Margot Hornblower  
Washington Post Service

NEW YORK — A Guynese computer student who worked with the FBI to trap Gennadi F. Zakharov, a Soviet spy, said he was left out of the FBI's efforts to catch the spy. He said the FBI lied to him about the spy's activities.

Mr. Zakharov was introduced to Mr. Bhoge as a professor needing research help, by a fellow student in 1983. Mr. Zakharov hired Mr. Bhoge to photocopy articles for the "Moscow Institute," to pick up public documents and to deliver a package.

A week after their first meeting, Mr. Bhoge, on another student's advice, contacted the FBI. He was reluctant to work for either side, he said, but was persuaded to do so for the money and out of patriotism.

In January 1985, when Mr. Bhoge completed his computer studies, Mr. Zakharov asked him to look for a job in robotics or artificial intelligence. But at the FBI's request, he took a \$250-a-week job as a machinist at H&G Machine and Tool company, a military subcontractor.

Mr. Bhoge said that the day of the arrest, he had not warned Mr. Zakharov that he was planning to bring classified material. Mr. Zakharov grew suspicious, he said, and refused to pick up the documents in Mr. Bhoge's car, agreeing to meet him later at a subway station.

Afterward, when the FBI refused to pay him more than the \$20,000 he had earned, Mr. Bhoge said he contacted Mr. Ackerman, who said he met with Mr. Bhoge on Oct. 28 and helped to expedite his citizenship application.

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Leakh Bhoge

# Soviet Dismisses Spy Allegations

United Press International  
MOSCOW — A Soviet Foreign Ministry spokesman dismissed on Tuesday allegations that KGB agents, using sexual favors as a lure, recruited as spies two U.S. Marine guards at the U.S. Embassy here.

The spokesman, Gennadi I. Gerasimov, also said that the order to withdraw the embassy's 28 Marine guards for security reasons was "a defeat of the famous U.S. Marines."

Mr. Gerasimov said at a news conference that the Kremlin was sorry to see the marines leave and that officials had to smile at the implications that the U.S. guards were unable "to withstand the charms of blonde spies."

A U.S. Embassy spokesman had no comment on the decision to withdraw the guards stationed in Moscow and replace them with a fresh group in a move described by U.S. officials as a "precautionary action."

Earlier in the news conference, Mr. Gerasimov denied allegations that a diplomat in the Soviet Embassy in Paris had operated a spy ring in France that sought information on European space technology. He termed those allegations "totally absurd."

However, when answering questions on the allegations involving the two marines, Sergeant Clayton J. Lonetree and Corporal Arnold Bracy, Mr. Gerasimov became evasive and made lighthearted and cynical responses.

"If you act on the premise of objective positions," Mr. Gerasimov said, "you will agree that even if a marine had certain contacts with Soviet citizens what information can a marine have? His main purpose is to ensure security at the embassy. I believe that this is just

another wave of repeated allegations of Soviet spying."

## Hartman Comments

Earlier, Stephen Engelberg of The New York Times reported from Washington:

Arthur A. Hartman, the departing ambassador to the Soviet Union, said Monday that he believed the young, unmarried U.S. Marine guards at the embassy in Moscow should be replaced by a more mature force less susceptible to temptation.

His comments came as the State Department and the Marine Corps announced that all 28 marines at the embassy were being recalled. They will be replaced by other marines in April.

The State Department said that the move was precautionary and that none of the marines now in Moscow had been implicated in the espionage cases against Sergeant Lonetree and Corporal Bracy.

Mr. Hartman, who was ambassador from 1981 until this month, said he had no idea about the latest cases of Marine fraternization with Soviet women.

Meanwhile, administration and congressional officials said the embassy in Moscow had been slow to respond to warnings that it was vulnerable. One official on Monday described it as "porous."

Mr. Hartman said the embassy had been vigilant about security. "But something bad has happened here and we have got to find out what happened," he said.

## U.S. Court Rejects Sanctuary Case

The Associated Press

WASHINGTON — The Supreme Court has left intact a ruling that the criminal prosecution of members of the American "sanctuary movement" who aid illegal aliens from Central America does not violate religious rights.

The justices, without comment, refused Monday to hear an appeal by two persons convicted of such activity in Texas. Both received prison sentences.

John B. Elder, director of a refuge sanctuary in San Benito, Texas, and Stacey Lynn Merit, a volunteer at the shelter, were convicted of conspiring in 1984 to transport illegal aliens within the United States. Mr. Elder has served a six-month term in a half-way house; Ms. Merit, who is pregnant, is serving a 179-day jail term.

## AMERICAN TOPICS

### Reagan Library Plan Seen as Litmus Test

The uproar continues at Stanford University over the planned Ronald Reagan Presidential Library to be built on a knoll overlooking the main campus. The Washington Post reports: A rendering by the architect, Hugh Stubbins, made the library look like the most prominent structure on campus. Joggers who frequent the knoll circulated a petition against the library. Planners then produced photographs of the site from the bottom of the knoll, with a rendering of the library showing it barely peaking above the trees. "And they'll be planting pine trees," said Charles U. Felt, head librarian of the Hoover Institution, also on the California campus.

### Short Takes

Huge starting salaries put too much pressure on young lawyers and the firms that hire them, some experts argue. Leading New York firms now pay \$65,000 to start, and rumors are rife that this will soon go to \$80,000. The New York Times reports. But some lawyers question whether high starting salaries mean an inordinate amount of specialization. Such beginners have to be used "as efficiently as possible," said Klaus Eppler, a partner in a New York firm. "They don't always get as good an education as a well-rounded lawyer should get. For example, I can't invite a young lawyer to watch a negotiation or listen to a deposition because of the need to make his hours productive."

### AIDS is changing Hollywood films

The New York Times reports: "Two years ago," said Daniel Melnick, a producer, "modernity demanded that two people fall in bed together." Now, he said, "A kind of 1950s conservatism is beginning to emerge." Ned Tanen, president of Paramount, said scripts have been changing subtly for several months. "We're seeing monogamous relationships overcoming the threat of an intrusion," he said. "Instead of having affairs and getting back together, a couple works out the problems."

### Mari Sahl says he has endorsed Alexander M. Haig Jr.'s candidacy for the Republican presidential nomination.

"I think he's a terrifically bright guy," the stand-up comic said. But Mr. Sahl, 59, warned that if Mr. Haig is elected, "I'll attack him when he's in office" because "my job is to be in the opposition." He added, "No matter who the new sheriff is in town, I'm still a bank robber by vocation."

Insisting that it is not just an April Fool joke, Dolly Hecht "swears on the complete works of Victor Hugo," The New York Times reports in its Metropolitan Diary column, that she overheard this conversation in a Manhattan bookstore.

Hurrying customer: Where can I find "Les Miserables?" Harried clerk: Try the psychology section.

—ARTHUR HIGBEE

## Clinton Murchison Jr., Ex-Millionaire And Founder of Dallas Cowboys, Dies

DALLAS — Clinton W. Murchison Jr., 63, the Texas businessman who was a founder and former owner of the Dallas Cowboys professional football team and who built an inheritance into one of Texas's largest fortunes only to lose it, died Monday night.

Mr. Murchison had been debilitated by a degenerative brain disease. He had been hospitalized for about two weeks.

The Murchison fortune, begun by his father, Clinton Murchison, a wildcat oilman, was increased by the younger Murchison to an estimated \$250 million. But it was undercut by high interest rates, the

decline in oil prices, bad investments in real estate and family legal battles over the assets of the younger Mr. Murchison's brother and partner, John, who died in 1979.

Mr. Murchison was involved in what officials said was one of the largest personal bankruptcies in Texas history. His 25-acre (10-hectare) estate in Dallas was sold to pay his debts.

He was a member of the board of more than 100 corporations. Mr. Murchison founded the Dallas Cowboys, the National Football League team, in 1960. He sold the team in 1984.

### Prem's Popularity Drops

BANGKOK — Prime Minister Prem Tinsulanonda of Thailand is less popular now than at any time during his seven-year rule, a survey showed Tuesday. The popularity of Mr. Prem, who is expected to face a no-confidence motion when Parliament reconvenes Wednesday, was down from 66 percent when he became prime minister in 1981 to 36 percent during the first half of March, the survey showed.

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INTERNATIONAL **Herald Tribune**

Published With The New York Times and The Washington Post

### Yen Up, Dollar Down

While the quarrel over trade got louder two weeks ago, the Japanese yen rose higher than ever, and the U.S. dollar resumed its long decline. It was a signal. The hugely unbalanced flows of trade between America and Japan are not going to be straightened out by protectionist trade bills and litigation. The remedy is going to be the exchange rates. If both countries stick with their present policies, it seems probable that the dollar will keep falling for a while and the yen will keep rising.

Governments no longer have control over exchange rates. They often talk as though they had, but that is merely a case of cultural lag. Last week's events demonstrate the point. Last month the big industrial countries agreed to try to hold the rates more or less where they were. When the dollar fell to a price of 150 yen, they began intervening — that is, these governments sold yen and bought dollars to try to hold the prices stable. It was a massive, carefully coordinated effort by the richest and most powerful of the trading countries. They succeeded in slowing the fall, but by the end of the week the dollar was selling at 147 yen. That would have been a significant drop even in the absence of intervention.

The Japanese are complaining bitterly about the rising yen and the damage it is doing to their exports. But you have to ask: What did they think was going to happen?

It is classical economics. When a country sells far more abroad than it buys, its currency gets scarce and the price for it rises. A country can keep the game going for a time by lending to its customers, as Japanese have been lending to Americans on a very large scale. But eventually, as the debts accumulate, the lenders begin to get wary and back off. The government does not have the resources to hold the exchange rate steady — and the rate begins to climb, pulling that trade surplus down by hurting exports and helping imports. The same process works in reverse for a country like the United States, which runs a big trade deficit. Because the dollar is coming down, American exports are now starting to go up — and so is the American inflation rate.

If the Japanese government wants to protect its internal economy from the effects of the exchange rate, it can do several things. It can cut taxes, cut interest rates further and encourage faster investment at home. Instead it has entangled itself in a misguided attempt to impose a new consumption tax — precisely the wrong move. Until governments bring their domestic policies into line with their international positions, the job of balancing the trade accounts will be left to the exchange rates. It is a crude mechanism, erratic and sometimes destructive, but in the end exceedingly effective.

— THE WASHINGTON POST.

### Greeks and Turks

In the last few days, Greece and Turkey, NATO members and formally allies, went through some of the motions of preparing to go to war. In a way it was a symbolic exercise to which others paid brief attention only by way of satisfying the would-be combatants' pride. Still, it could have got out of hand, and the basic situation remains bad.

Optimists hoped that the traditional rivalry of Greeks and Turks would yield to anti-Soviet cooperation when the two nations joined NATO. But in the larger security bestowed by the alliance, both have felt free to continue indulging their rivalry.

In the current instance, the *botanion* is the exploitation of resources in disputed waters of the Aegean. The answer that both countries accepted in 1976 was not to force the issue unilaterally. Andreas Papandreu, elected prime minister of Greece in 1981, let that agreement lapse. Recently Greece made a move interpreted in Turkey as a determination to begin unilateral Greek drilling. Turkey responded with a move toward unilateral Turkish drilling. Mr. Papandreu escalated politically by freshening his familiar attack on American base rights. Muscles were flexed, but over the weekend calm returned.

It would be good if Turkey and Greece could negotiate their dispute. The Turks, though, have often been unbending, espe-

cially in their continued holding of northern Cyprus, which they invaded in the name of protecting Turkish Cypriots from Greek persecution. The Greeks, meanwhile, have fallen into the habit of blaming the United States for supposedly favoring Turkey — which is bigger and more central to NATO planning — and for emboldening the Turks to trample on Greek interests in Cyprus, the Aegean and elsewhere. The Greek complaint has had some merit, but in the peacetime it has frequently appeared to be laid on for domestic political purposes and it can be very difficult to distinguish from cheap anti-Americanism.

There was a time when the United States found it necessary and desirable to try to reconcile Greeks and Turks, but frustration overwhelmed constructive impulse and now the American policy is to concentrate on improving relations separately with each country. This means dealing constantly with prickly issues of foreign aid and military bases and otherwise trying to smother Greek-Turkish differences in overall alliance concern. Until Greece and Turkey both acquire strong leaders who can rise above political pressures on the Greek side and military pressures on the Turkish, it seems as though nothing much better will be on the horizon.

— THE WASHINGTON POST.

### Other Comment

**Cynical Protectionism**

Politicians playing the seductive times of protectionism to the gallery of public opinion received a loud raspberry [on Monday] from the financial markets. There could scarcely have been a more graphic demonstration of the perils of restraint on trade than the stock market jitters around the world. Nothing is more upsetting than the possibility that the strong growth in world trade might be interrupted by a trade war.

In January the United States was tempted by the protectionist bludgeon to try to obtain faster progress in reducing its deficit with the European Community and with West Germany in particular. In the last few weeks it has picked up the same weapon against Japan over microchips. Treading the tightrope of trade restrictions is a dangerous exercise. A policy intended as a bargaining counter can undermine international confidence and lead to the very inhibition of world trade which it is designed to break down. Everyone loses from protectionism. So far this truth seems to be clearer to financial markets than it is to politicians.

— The Times (London).

through supportive purchases. And that is the heart of the drama. As low as it is, the dollar appears to be overvalued — for if the support were to stop, it would be lower still.

— Le Monde (Paris).

**Too Lax on Spying**

The world's great and small powers spend billions of dollars annually on technological means for collecting intelligence. But high-tech spying still has not eliminated the most ancient tools of espionage. Sex, money and appeals to personal grievances remain potent lures in enlisting spies.

The latest case involves allegations that Soviet intelligence was able to penetrate the inner sanctums of the U.S. Embassy in Moscow. One marine guard at the embassy has been charged with abetting those intrusions in 1985 and 1986. Another is under suspicion. U.S. officials fear that Soviets were able to enter top-secret communications facilities and to identify CIA sources in the Soviet Union. One official describes the intelligence losses as "horrible."

The American system rejects the notion that anyone with access to highly classified information must be kept under constant suspicion. But recent cases raise the most disturbing questions about laxity in protecting secrets. Counterintelligence can never be foolproof. But where U.S. efforts to counter Soviet recruitment of U.S. agents are concerned, it can be a lot better.

— The Los Angeles Times.

**Hong Kong's New Press Law**

Almost all Hong Kong news organizations, in unaccustomed unity, have opposed the press law passed in mid-March. Critics accuse the government of conspiring with Beijing to tame the Hong Kong press in preparation for 1997, when sovereignty over the territory will pass to China.

At the heart of the law is a clause making it a crime to publish "false news which is likely to cause alarm to the public or a section thereof or disturb public order."

Critics argue that this is far too vague, and the government replied by promising to use the law with discretion and restraint. But the journalists ask what good that guarantee will be after 1997.

— Jamie Robertson, a British free-lance writer, for South-North News Service.

## OPINION

# America's 'Japan Problem' Is Japan's Problem, Too

By Hobart Rowen

WASHINGTON — President Reagan took a popular step when he slapped a punitive tariff on \$300 million worth of Japanese electronics goods. The American public was ready to punish the Japanese. And the step will be cheered in Europe, South Korea, Southeast Asia and elsewhere as an overdue response to Japanese import barriers.

But Mr. Reagan's retaliation through punitive tariffs involves big risks in a relationship with a major ally. It looks like a surrender to the protectionist-minded among his advisers who see the Democrats coming out ahead in an election year's Japan-bashing sweepstakes. The risk is not only the encouragement

given to other industries — and other countries — tempted by the crutch of government protection against competition from abroad. The even bigger danger is that the American public will be swept into believing that the trade deficit can be wiped out, and lost jobs restored, by additional "tough" actions against Japan, Taiwan, South Korea, West Germany and other countries that have trade surpluses with the United States.

Although intended to deflect even harsher congressional action, Mr. Reagan's move — abandoning his previous strong commitment

to free trade — could backfire, giving new encouragement to hard-liners like Representative Richard Gephardt.

Ostensibly triggered by Japan's alleged failure to stop selling microchips below cost, Mr. Reagan's action was in reality a shot across the bow expressing general frustration over America's "Japan Problem."

The microchip accord, an effort to fix the price of a commodity in excess supply, was doomed to failure from the start. But Japan's leaders should have known for a long time that something would touch off the accumulated trade frustrations: No sovereign nation could forever contemplate a bilateral \$60 billion deficit, or global red ink of \$170 billion. The major remedy, from Japan's side — boosting its domestic economy while reducing a slavish devotion to exports — has long been evident, promised and unapplied.

Japan has had enormous economic success at a time when America and Europe have been unable to compete in many areas. Harvard's Professor Ezra Vogel remarked a year ago in *Foreign Affairs* that future historians may see the mid-1980s "as the time when Japan surpassed the United States to become the world's dominant economic power."

So long used to being number one, some Americans assign Japan's success entirely to unfair methods, copying, cheating or stealing trade secrets. Japan may be guilty on some or all of these counts, but there are also American failures — to manage the economy, to match Japanese quality performance, to improve the educational system, to reduce management-labor confrontation, to curb a propensity to consume rather than save.

On his Sunday television show, ABC commentator David Brinkley, welcoming the punitive tariffs, grumbled: "All of the things that Japan sells us were invented here." But

the real question is this: If Americans did invent such things as television technology, robots and other high-tech products, why have they not been as successful as Japan in developing and marketing them?

The West belittles Japanese creativity, even though Japanese achievements in technology, fashion, architecture and literature have art, stunning. Only someone with his head deep in the sand would fail to understand that the "Japan problem" for the United States is the "Japan problem" for the Japanese — and more that they have done their homework, including expanding what is necessary for civilian research and development.

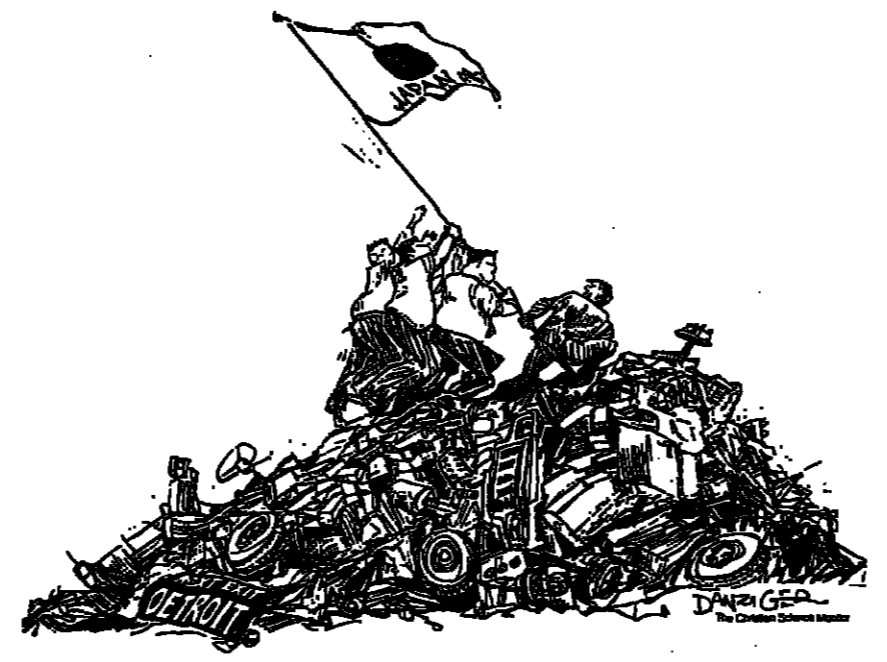
The first commercial robot was marketed in the United States in 1958. It was not until 1967 that Japan bought its first robot from an American company. Yet Japan now produces each year about as many robots as the rest of the world, and its schools annually graduate (in absolute numbers, not relatively) 50 percent more electrical engineers than do schools in the United States.

So Japan is doing something right. American consumers vote every day with their dollars.

None of this is to say that Japan's mercantilist trade policy is acceptable. Japan has benefited from open markets elsewhere, yet has tried to buy as little from abroad as possible, especially in manufactured goods.

Japanese officials have been warned for years by their American friends that they cannot stand pat and complacently that they should be punished for their success. They should have heard the same message from the "wise men" in their own establishment, as laid out in the MacKawa report that urged a shift from an export-oriented to an import-oriented economy. If Japan does not move promptly in this direction, its future relations with the United States are sure to be determined less by the Reagan team and more by the Gephardts in Congress.

The Washington Post.



## The Members Are Cheating and GATT's Watchdog Is Toothless

By Brigid Gavin

GENEVA — For the first time, GATT has been given a surveillance role over the trading practices of its member countries. On Jan. 28 it was agreed in Geneva to set up a mechanism to monitor the "standstill" and "rollback" commitments by trade ministers from 92 countries at the GATT meeting in Punta del Este, Uruguay, last September which launched a new round of trade negotiations.

The ministers pledged, "commencing immediately and continuing until the formal completion of the negotiations," to take no new protectionist measures and to dismantle existing measures that are illegal under GATT rules. They also agreed to regular monitoring of trade policies.

GATT has been walking backward into multilateral surveillance since its last ministerial meeting in 1982. Unfortunately, what has been put in place is a toothless tiger, a passive procedure that leaves the GATT secretariat little more than the role of messenger boy between member governments engaging in clandestine, collusive and often illegal trade practices.

The "standstill" and "rollback" commitments is diplomatic jargon referring to GATT's large and bur-

geoning gray area, commonly called "the new protectionism."

Since the early 1970s, several systems of protection have been constructed, each tailored to the needs of a particular industry and administered and further developed by highly specialized officials who often have come from industry into public administration.

The most highly developed such system is the Multifiber Arrangement, covering trade in textiles and clothing. It amounts to an organization of the world market so thorough that the entry of newcomers — essentially small or developing countries — has become very difficult. The world market for steel is approaching the same degree of organization, followed by automobiles. And the most significant development of last year was the U.S.-Japanese semiconductor pact: 90 percent of the world's fastest-growing industry is now subject to bilateral pricing and other practices that restrict competition.

The main instrument of this "new protectionism" is the bilaterally negotiated export restraint, euphemistically called "voluntary" export restraint, or VER. A recent GATT document shows 93 VERs. The European Community has 53 such arrangements, the United States 27, Japan 23 and South Korea 12.

The VER is essentially an instrument for circumventing the law, international as well as national. Its main political attraction is that it avoids protest by the restrained exporting country. The illusion that international rules have not been broken may thus be preserved.

For the restrained country there is an economic attraction: The VER allows the exporting company to effectively form a cartel. Monopoly profits from the cartel arrangement (a workable one, since enforced by the government) are highly attractive to major exporting firms.

Two standard types of VERs have become common, and both have a corrosive effect on the rule of law.

The first occurs when there is serious injury to an alleged third party of serious injury to domestic producers through imports. The U.S.-Japanese agreement on automobiles illustrates the bending of the law on both sides of the transaction.

In 1981 the U.S. International Trade Commission conducted an

investigation that found no evidence of serious injury to the domestic automobile industry from Japanese imports. So the United States had no legal mandate to negotiate with Japan. Negotiate it did, nonetheless — but the result was presented as a "unilateral" decision on the part of Japan to restrain its exports.

The Japanese acquiesced because a VER allows the exporting firms to sell at a price above the competitive export price. The firms can agree among themselves on market shares and prices in the slice of the market which they have been guaranteed. They effectively form a cartel.

Article 98 (2) of the Japanese Constitution requires that international treaties entered into by Japan shall be faithfully observed. GATT is a valid treaty for Japan, and its rules prohibit quantitative restrictions on exports as well as on imports, in general, and discriminatory restrictions a fortiori.

A second typical VER occurs in cases of alleged subsidization or "dumping." Exporters are exposed to the threat of countervailing duties. They fear investigations of these practices because their planning is paralyzed while the investigations last, and because the legal costs of

defense are high. Both the EC and the United States have relatively new procedures which give quick relief: A VER will terminate the investigation.

This practice has replaced the classical GATT remedy and implies a departure from a fundamental principle of legal procedure. Punishment (restraint) is meted out and accepted before guilt is established. Viewed from the importing side, the industry seeking protection can get satisfaction on a complaint without proving wrongdoing or injury.

The new surveillance mechanism in GATT allows the secretariat to count VERs but not to comment on them. This is not enough. When the major GATT contracting parties abdicate their responsibility as guardians of the treaty, it falls upon the secretariat to guard the guardians. To play this role, it needs a mandate to monitor what is going on. Otherwise, gray-area measures will multiply and often remain unnoticed.

The writer, who worked with the EC delegation to GATT from 1981 to 1985, is conducting research on GATT at the Graduate Institute of International Studies in Geneva. She contributed this comment to the International Herald Tribune.

## Around the World, a Much-Maligned Press Needs a Champion

By Jonathan Power

NEW YORK — The pundits are taking bets on who is going to succeed the controversial Amadou Mahtar M'bow as director-general of UNESCO. Will it be former Prime Minister Pierre Elliott Trudeau of Canada, Foreign Minister Sahabzada Yaqub Khan of Pakistan or someone else? People love horse races. Yet this one could obscure a bigger battle that has gone on for years — UNESCO, the United Nations' educational and cultural body, helped or hindered the cause of press freedom?

For 10 years it was consumed with a debate on establishing the norms of a "new information order." Only after the United States and Britain walked out did UNESCO finally drop the attempt to put constraints on world media. Meanwhile, it watches, apparently unconcerned, the continuous tightening of press controls in large parts of the globe.

The situation in Asia is particularly bad. The Chinese press, after a period of liberalization, is closing up. In Tai-

wan, after a year-long government campaign, opposition publications have disappeared from newstands.

In Singapore, the government has intimidated and indirectly censored the foreign press. Time magazine and The Asian Wall Street Journal were placed under severe restrictions. This was a serious matter for Western newspapers that have, or are planning, Asian editions with satellite transmission to local printing plants. Singapore had seemed an ideal alternative to Hong Kong, which reverts to Chinese control in 1997.

In Malaysia, the Parliament passed a law in December prohibiting the publishing of secrets. But the term "secrets" was not defined.

Indonesia last year expelled some foreign journalists and refused to admit others traveling with President Ronald Reagan during his visit.

Only in India, Sri Lanka, the Philippines and Thailand were the press

reasonably free. Their newspapers are often free-wheeling. Radio and television are under government control, but even so, they report on anti-government demonstrations and present a range of alternative views.

In Manila, the press, basking in post-Marcos euphoria, erupted into 21 very independent outlets. Indeed, most of them were reluctant to support any government position.

But the press in Latin America faces serious pressure. In Mexico, four journalists were murdered last year. The Nicaraguan government closed the opposition paper *La Prensa* as well as the independent Roman Catholic radio station.

In Chile, six newspapers and magazines were closed following an attempt on the life of President Augusto Pinochet. José Carrasco, foreign editor of a major periodical, was taken barefoot from his house the day after the attack. He was later

found murdered, the second journalist killed in Chile last year.

In Paraguay, the government stepped up its attack on the news media. Several journalists, some of them foreign, were beaten and jailed.

The post-Duvalier government in Haiti has generally eased the pressure on the press, but it requires journalists to be licensed. Eleven Latin American countries now license journalists, a concept the democracies in UNESCO have vigorously opposed. A journalist licensed by government cannot be a free agent, able to challenge the government's veracity without fear of retribution.

Still, in some Latin American countries, notably Brazil, Argentina and Colombia, the press maintains a treasured independence (although a newspaper editor in Colombia was murdered). In the English-speaking Caribbean, an independent press continues to flourish.

In the Middle East, most of the movement was restrictive. Israel con-

## In Asia, Insecure Regimes Are Cracking Down Hard

By James Clad

MANILA — Are foreign correspondents an endangered species in Asia? One might be excused for thinking so. In the past 18 months Asian governments have jailed, expelled, proscribed, prohibited entry to or revoked the working visas of a number of foreign journalists. Local reporters are also being troubled.

Singapore restricted the circulation of The Asian Wall Street Journal and Time magazine after they refused to publish letters of correction from the government. Malaysia and Indonesia have taken action against various foreign publications, alleging bias, inaccuracy and breach of national security. Bangladesh, India, Nepal, Pakistan, South Korea, and Taiwan have been taking tougher, if less well-

publicized, action against their own journalists in recent months.

But one should avoid simplistic assumptions about the motives for these moves. Fears of an all-out, region-wide campaign of repression against the press are misplaced.

Several developments appear to be prompting the crackdown. By the mid-1980s, many Asian governments had begun to face a quickening of domestic discontent. They resent outsiders amplifying local troubles.

In Southeast Asia, neighboring countries watched last year as Ferdinand Marcos opened the doors of the Philippines to a wave of foreign journalists. These ingrates promptly crit-

icized him and his government, contributing to the downfall of his regime in February 1986.

Many countries, especially those in the Association of Southeast Asian Nations (Brunei, Indonesia, Malaysia, the Philippines and Thailand), now sense the end of a comfortable era of stability that began in the late 1960s. At a time of heavy overseas debts, stagnating national incomes and aging leaderships, authorities insist on managing the coming transitions in their own way. And they are willing to incur problems in foreign relations to keep this control.

Singapore's actions against the U.S. publications were not cost-free for its reputation in Washington. One must conclude that such actions are not taken lightly. The description by one Singapore official of "James Bond journalists" meddling in domestic politics appears to strike a responsive chord in the region's governments.

But few of the measures they have taken remotely approach the close official supervision of the press by Burma and the Communist regimes of Indochina. The countries now reacting against the media had traditions of at least a quasi-independent press. In most of non-Communist Asia, journalists continue to work within a relatively wide latitude. Yet the recent restrictions throw a poor light on governments that clearly feel insecure despite their accomplishments.

For the foreign press, the response

to new restrictions must be business as usual. Understanding why governments are upset may be instructive, but it must never serve as an apology. Still less should this understanding be used to select stories or to guide the way they are written.

The writer is Manila bureau chief for the Far Eastern Economic Review. In October 1985, he was convicted in Malaysia of violating its secrecy laws and was fined \$4,166.

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OPINION

Sad Stories About Greed, Betrayal and, Yes, Bigotry

By Tom Wicker

NEW YORK — In the eye of the storm that disturbs and threatens the United States' highly profitable television ministries, the Reverend Jerry Falwell urges their devoted followers not to "let Satan win the day." In federal court, Robert B. Anderson, 77, whom Dwight Eisenhower once tried to promote as his successor in the White House, pleads guilty to income tax evasion and to participating in illegal operations of a Caribbean bank. Is there a connection? One obvious link between them and greed is greed. Within the suddenly revealed world of the TV evangelists, charges are flying that the Reverend Jimmy Swaggart is trying to take over the cash-flowing PTL enterprises of the troubled husband-and-wife preaching team of Jim and Tammy Faye Bakker. Mr. Bakker concedes paying \$115,000 — either in "blackmail," as he says, or in "a legal settlement," as others put it — to a woman with whom he had a one-night sexual stand seven years ago. Meanwhile, another of these men of video cloth, Marvin Gorman, was Mr. Swaggart for \$90 million for allegedly spreading word about a Gorman sexual fling eight years ago. A North Carolina woman is suing Mr. Falwell for \$79,000 she says her 82-year-old mother, a victim of Alzheimer's disease, was pushed to contribute to the Falwell "ministry," which once included the politically active Moral Majority. That is to say nothing of the millions, largely unaccounted for, that some of the reverends rake in every year — as if greed were not one of the least Christian of human sentiments. It can only have been greed, too, that led Mr. Anderson, a rich man in the twilight of a distinguished career — secretary of the navy, deputy secretary of defense, secretary of the Treasury — to break the law to accumulate more wealth than he really needed. Another obvious connection is the vi-

olation of trust involved in both cases — not least the faith in Mr. Anderson that President Eisenhower so often and generously expressed. And all the TV spellbinders demand of their vast audiences not just faith in God but the most elemental trust in the preachers themselves, as purveyors of truth and rectitude. A third similarity between the scandals of televised evangelism and the Anderson confession may not be so obvious, or at least admitted — that neither God nor Satan nor professed righteousness had anything much to do with either. Mr. Bakker to indulge in sex outside his marriage. Mr. Bakker decided that for himself, and never mind his broadcast piety — just as Mr. Anderson, despite his high reputation for probity, made up his own mind to defraud the government and his fellow citizens. Mr. Anderson will pay a high price for his crimes, possibly including, even at his age, a jail term. Mr. Bakker, whose offense is not exactly unheard of, and Mrs. Bakker, who is undergoing treatment for prescription drug addiction — again, not uncommon — apparently have lost control of their lucrative PTL empire. Some of the other television preachers may have to pay civil damages, or at least heavy legal fees. So greed, breach of faith and false pretensions will be punished in both cases. But the greatest offense in either will go unpunished, if the dazzled audience for televised religiosity retains faith in its propagators. That offense is the narrowness, exclusivity and lack of charity — the bigotry — of their message. Not all, but enough of their message, to warrant the charge, teach one true way — not just the acceptance of Jesus Christ as savior, but the one true way of worldly living, rigidly proscribed: heterosexuality only, and only within marriage; maintenance at all costs of the traditional family — father at work, mother in the kitchen, short-haired children saying "No" to drugs — regardless of how troubling and personally damaging the arrangement may be; political conservatism; the virtues of affluence; the damnation of liberals, welfare recipients, non-Christians and sometimes Catholics; denunciation of any government effort to protect the rights of individuals — particularly from religious bigots. From these "ministries," despite their constant appeals for money, all too little is heard about racism, hunger, the poor and the homeless, tolerance of dissent and differences, personal generosity, or the universal brotherhood and sisterhood of all mankind. Jesus washed the feet of the poor and set no political tests for his followers; but that example seldom provides the text for prime-time preaching, which thrives instead on bigotry disguised as Christianity. The New York Times.



BY PETERSON in the Vancouver Sun. Cartoonists & Writers Syndicate.

A President Who Can Laugh Makes His Capital Healthier

By David S. Broder

WASHINGTON — On Monday night in America, television audiences watched as the NCAA final settled the supremacy of men's college basketball and the Academy Award ceremonies determined the best picture and best acting honors for the year. And last Saturday night, official Washington came as close as it ever does to settling scores. A ritual has evolved for "settling" important matters in a psychological sense.

MEANWHILE

It happens at the Gridiron Dinner, where journalists share four hours of eating and entertainment with the people in government and politics whom they write about the other 364 days of the year. The Gridiron Club has been around for 102 years. For the last 13 (to make my bias clear) I have enjoyed being one of its reporter-members. But it is only in the last six years that those of us who dress up in silly costumes and perform in satirical skits have begun to recognize the serious function that this annual dinner fulfills. The reason for this change can be stated in two words: Ronald Reagan. As the Gridiron president, James McCartney of the Knight-Ridder Newspapers, said in welcoming Mr. Reagan to his seventh straight dinner, "You know, as we do, that it is a precious thing that we can do each other and have good fun together." Not all presidents have understood this. Lyndon Johnson, Richard Nixon and Jimmy Carter could not forget, even for a few hours, that they despised the journalists in the room. The tension least an uncomfortable edginess to their remarks and even the blandest of our songs. But Ronald Reagan grasped from the first that this was an occasion for celebrating the healthiness of the critical relationship that inevitably exists between press and government — and for laughing away its ugly overtones. He has captured the point so well that almost every other politician in town has got it straight. Democrat who suffers from a reputation for self-righteousness, confessed Saturday that he and his party could be accused of inconsistency. "For six years," he said, "we went around saying Ronald Reagan didn't know what was going on. And now when he says the same thing about himself we say he's lying."

LETTERS TO THE EDITOR

For Now, a Thoughtful Soviet Leopard Would Be Enough

Regarding "The Time Has Come to Reject the System Issue" (March 24) by seven dissident Soviet émigrés:

Can a leopard change its spots? The seven dissidents and many others have suffered unimaginably. They rightly remind us of repression, the war in Afghanistan and the limitations of Soviet glasnost. But can Soviet leaders really "begin by discarding the ruling ideology?"

While hoping and working for real justice and real peace, we shall likely have to live with a good deal less — in Moscow and in other capitals as well. A thoughtful, careful leopard may be the best we shall see. A defanged or vegetarian beast would be better. FREDERICK O. BONKOVSKY, Visiting Professor, University of Frankfurt.

Bearing, and Letting Go

Regarding the "Meanwhile" column "Bearing Children Is What Women Do" (March 13) by Barbara T. Roesner:

Having borne three children, who are now married or attending university, I am coming to understand an inevitable fact: One must eventually let go. One must, that is, if one wishes to continue one's own emotional, spiritual and intellectual growth. As a practicing psychologist, I wish women and men could somehow better prepare themselves for this time of letting go. In failing to put childbearing into perspective as only one of the many experiences in a woman's life, the writer has told us only part of the story. MARJORIE SIMPKISS-CONTAG, Bremen, West Germany.

Law and the Aegean Dispute

Regarding "Greece-Turkey Dispute Over the Aegean Seas" (March 30):

Alan Cowell reports that "Ankara challenges Greek claims to dominance based on its 2,500 islands" in the Aegean Sea. Moreover, he writes that "Turkey asserts that its continental shelf extends into the Aegean, but Greece says that its islands, some within view of the Turkish coast, all have their own continental shelves." Your readers are thus invited to understand that Greece has formulated an extravagant claim by insisting that its numerous islands have their own continental shelves, and the dispute over

Poland Out Front

Thank you for giving front-page prominence to Jackson Diehl's "For Poles, Satellite TV Offers New Opening to West" (Feb. 19). For years the Western press has seemed to black out positive news about Poland. That is unfair, and it is good to see a sympathetic article up front where it is sure not to be missed. MARGARET SZMURAK, London.

An Exceedingly Old Lady

Your Centennial Message recalling the history of the Old Philadelphia Lady — who happens to be a great-great-grandmother of mine, and is now an Exceedingly Old Philadelphia Lady — inspired me to call her at her Caucasus retreat. She was thrilled, I can tell you. She is now preparing an updated letter, which should reach you in due course. "Certainly there wouldn't be any confusion if we all would agree to use Mr. Fahrenheit's system," she said on the phone. "It just makes more sense — meaning no offense to Mr. Centigrade, mind you." JONATHAN P. DOWLING, Trieste, Italy.

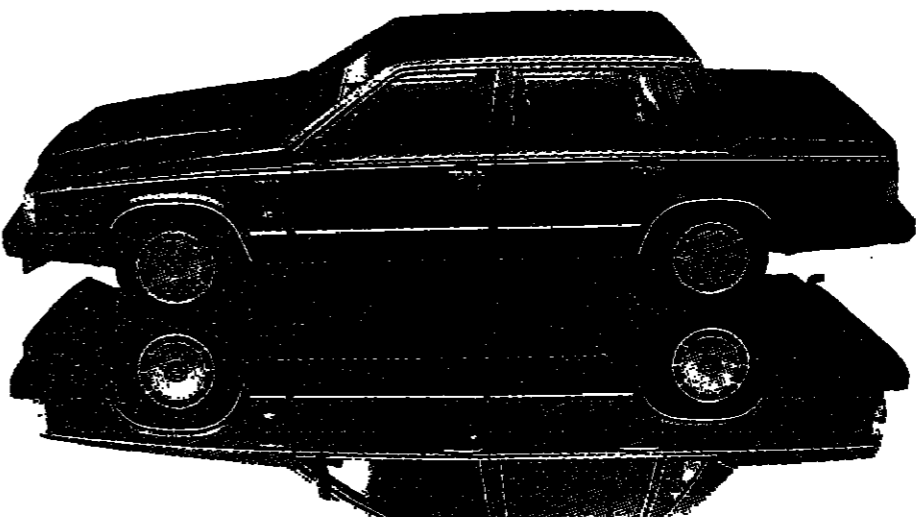
Gantry's Successors

THERE is nothing new about the randomness of evangelism. Literature is full of it, as witness Elmer Gantry and Sadie Thompson. My father was a Methodist circuit rider in Georgia who moonlighted as a revivalist. I don't remember a time when one of the brethren was not involved in scandal, usually incorporating choir singers and communion. Television has so widened the arena that it takes \$100 million a year to ante for the game. There is not much difference in preachers, then and now. It is just that television has blessed today's crop with a megamarket, turning America into a small town with all its salacious curiosity and capacity for mixing kindness with cruelty. Syndicated columnist, Jim Fain.

NO SURPRISE.

There are moments in your life when the least you need is a nasty surprise. Like when you turn the key at five on a freezing February morning. Or when you hit a hairpin bend just a bit too fast. Or a stray dog seems too valuable to ignore. Or fierce braking saves your life when overtaking a truck just before the crest.

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# France Expands Aid, Diplomacy in South Pacific

By Michael Richardson  
International Herald Tribune

**NOUMEA, New Caledonia** — France, facing opposition in the South Pacific to its nuclear testing program and its efforts to retain control of strategically important islands, is expanding its aid programs and diplomatic presence in the region.

Officials here and in Paris say that the South Pacific territories play a key part in sustaining France's independent nuclear deterrent and role as a world power. The territories are part of a global chain of French possessions that would provide tracking, communication and recovery bases for an ambitious satellite and space vehicle program, for military and civilian uses, beginning in the early 1990s.

The officials also argued that a French presence was essential to maintain regional stability and prevent encroachment by the Soviet Union and Libya in the South Pacific, an area that has been a sphere of Western influence since the end of World War II.

U.S. and British officials have said privately that French aid to its South Pacific territories is irreplaceable and that a long-term French presence in the region is in the interests of the Western alliance.

However, analysts said they did not think France's new policy of expanding its aid and diplomatic contacts in the South Pacific would quickly break down regional hostility.

The waters surrounding the South Pacific territories, and those of other French possessions, are considered by scientists to be rich in fisheries and undersea minerals. Exclusive economic zones surrounding the three French territories in the South Pacific — New Caledonia, the Wallis and Futuna Islands, and Polynesia — cover 2.7 million square miles (7 million square kilometers) of ocean and seabed.

These zones, when added to those of the French territories in the Indian Ocean and the Caribbean, put France among the world leaders in offshore area claimed.

Amid pressure from separatist groups and regional governments opposed to nuclear testing, France has intensified its diplomacy. Gaston Flosse, secretary of state for the South Pacific in the conservative government of Prime Minister Jacques Chirac, arrived in Western Samoa late last week.

Officials said that he would visit Pacific island capitals regularly from Paris to meet leaders and explain policies. Mr. Flosse was the head of government in French Polynesia until January when he accepted the new post.

He said recently that he wanted to correct the image of France as an "arrogant power" and provide more aid to smaller island nations in the Pacific.

French aid efforts also are expanding. Later this year in Tahiti, the main island in French Polynesia, and in Noumea next year, France will open a University of the South Pacific. It will offer admission to non-French speaking students from the region.

France also has offered to make its technical and scientific skills in tropical agriculture, oceanography and other areas widely available.

**Indian Says Gravitation Led to Launch Site Errors**  
Agence France-Press  
**NEW DELHI** — India's main space launching site, where a rocket carrying a satellite crashed shortly after being launched March 24, is unsuitable because of major gravitational variations, a leading scientist was reported as saying Tuesday.

Scientists have not determined the reason for the crash, but Dr. Ram S. Srivastava told the United News of India that the gravitational anomaly had caused other rockets launched from the Sriharikota center in southern India to deviate from their paths. The site, he said, is in the zone of "the greatest gravitational anomaly in the world."

Civil and military spending by the French government in Polynesia, New Caledonia and Wallis and Futuna this year is estimated to be worth more than \$1 billion.

Officials said France had recently increased its aid to multilateral agencies working in the region, including the South Pacific Commission based in Noumea.

They said that Mr. Flosse had a special fund worth more than \$3 million this year that had been used to provide emergency aid to the Solomon, Cook Islands and Vanuatu after they were devastated by cyclones.

French control of New Caledonia is being challenged by an independence party that draws most of its support from indigenous Melanesian Kanaks.

However, the Kanaks are outnumbered by Europeans and settlers from other parts of the South Pacific and Southeast Asia who want the territory to remain French.

Last week, Yeiwene Yeiwene, a separatist leader in New Caledonia, accused France of using large-scale subsidies to its Pacific territories to "buy" local support.

He said that the independence movements in New Caledonia and Polynesia were in "increasing contact" and had agreed to work together to help each other create independent, nuclear-free countries.

The 11 are Papua New Guinea, the Solomon Islands, Vanuatu, Fiji, Nauru, Tonga, Western Samoa, Kiribati, Tuvalu, Niue and the Cook Islands.

They have asserted that by continuing to test nuclear weapons in the Pacific and withholding independence from New Caledonia, France was contributing to regional unrest and creating opportunities for outside interference.

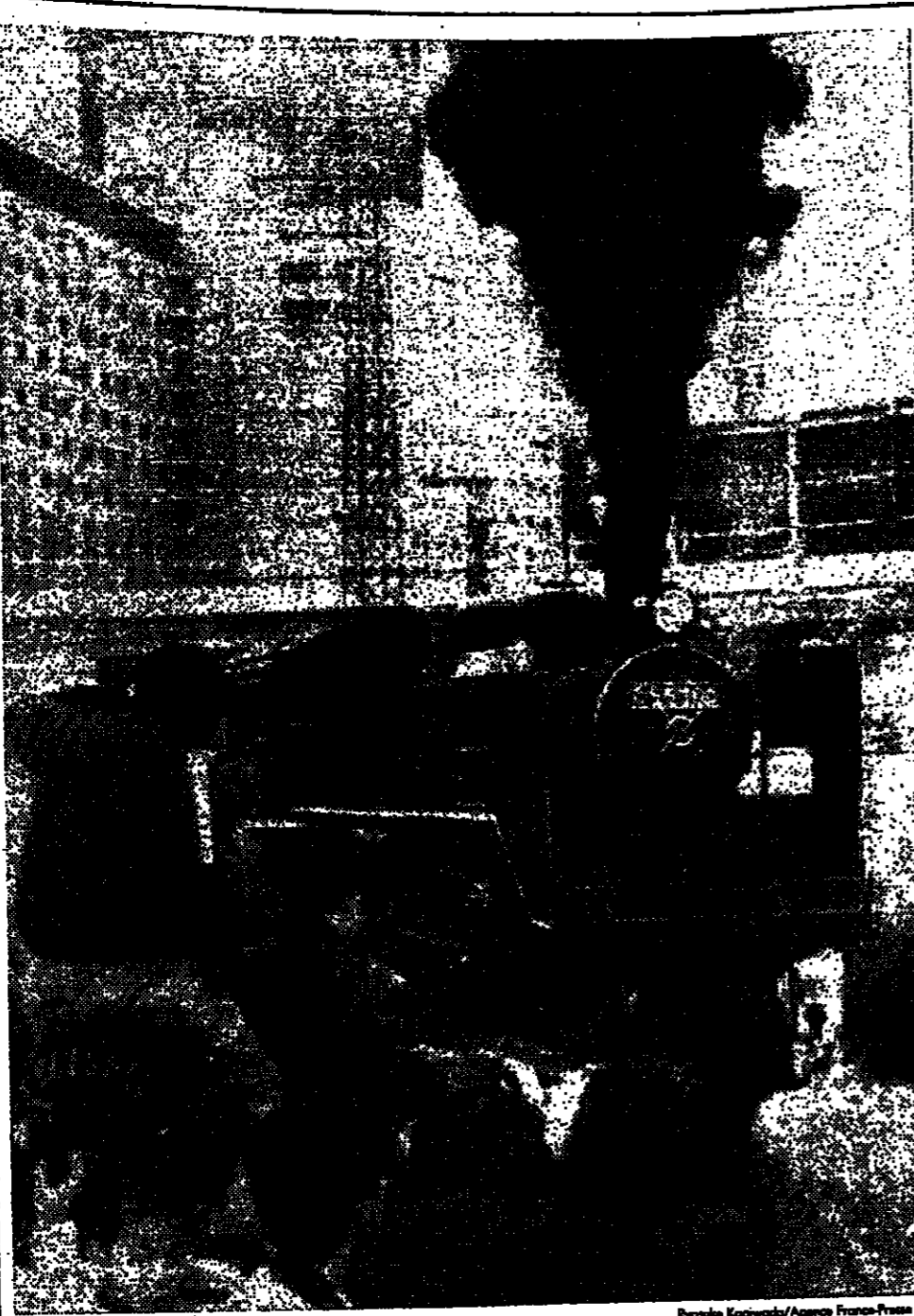
At a meeting in Wellington, New Zealand, last month, ministers from the forum reaffirmed their view that "independence for New Caledonia is inevitable and desirable" and said they would seek talks with France on the issue.

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**JAPANESE RAIL ERA ENDS** — One of the last trains to be operated by Japan National Railways, founded 114 years ago, making its run Tuesday in Tokyo. Passengers took advantage of low-price tickets as the government system neared shutdown, \$250 billion in debt. Starting Wednesday, six private companies are to run the trains.

# Hong Kong Paper Reports China Removed Reform-Minded Security Chief

**BEIJING** — The Public Security Ministry declined on Tuesday to comment on a Hong Kong newspaper report that its minister had been demoted.

The pro-Beijing Hong Kong newspaper Wen Wei Po said Monday that Ruan Chongwu, 53, had been moved to the State Scientific Commission after only 18 months as public security minister.

Mr. Ruan has been outspoken against corruption in the police force and has pledged greater openness in police affairs.

If confirmed, it would be the biggest personnel change in Chinese politics since the removal of Hu Yaobang from the top Communist Party post in January.

"I do not have the authority to confirm this piece of information," a ministry spokesman said of the reported removal of Mr. Ruan.

The spokesman added, "According to China's Constitution, a cadre of ministerial rank should be appointed and dismissed at the suggestion of the prime minister as well as approved by the National People's Congress, but so far the NPC has not made such a decision."

The National People's Congress is China's nominal parliament. "A minority of officers, forgetting they must serve the people, are arrogant in their work, corrupt, re-

sort to torture during interrogation or bend the law for the benefit of relatives and friends," the Chinese press quoted the spokesman as saying.

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# Resistance to Taiwan Reforms

## Some Say Plans Go Too Far, Others Say Not Far Enough

By Patrick L. Smith  
International Herald Tribune

TAIPEI — After a year of unusual political ferment, a program of reforms initiated by President Chiang Ching-kuo of Taiwan is meeting unexpected resistance, according to foreign analysts and local political sources.

Opposition to Mr. Chiang's reforms, which are intended to modernize Taiwan's political system, has forced the administration to delay implementation of several measures considered key to the success of the president's effort.

These include the removal of martial law regulations that have been in effect since the ruling Kuomintang, or Nationalist Party, fled mainland China just before the Communist victory in 1949.

The government is expected to announce this week that plans to lift martial law and replace it with new national security legislation will be deferred at least until June. The change was previously scheduled to take place by the end of March.

The opposition Democratic Progressive Party, which gained 23 legislative seats in elections in December, views the planned reforms as an effort by the ruling party to keep its authority intact. It has blocked the proposed national security bill in the legislature, for instance, contending that it is too comprehensive.

At the same time, conservatives within the Kuomintang and many government officials have opposed amendments to the constitution or a loosening of other long-established regulations, according to sources in the ruling party.

The president now appears to be placing greater emphasis on changes of personnel in both the Kuomintang and the government. Party members like this to efforts several years ago by Deng Xiaoping, China's paramount leader, to rid the Beijing government of anti-reformists.

In effect, the president and his supporters are caught in a political bind: They are under increased pressure from those who assert that

Mr. Chiang's liberalization measures are inadequate and those who believe they have been pushed too far, too quickly.

As a result, the leadership faces what many political observers view as a potentially harmful loss of momentum. "Policies like these should be pushed through quickly and firmly," one Kuomintang official said of the reform package. "What is happening now is obviously not a good sign."

In initiating a series of political changes last year, Mr. Chiang sought to defuse mounting pressure for democratic change from Taiwan's island-born majority, which has been denied an effective political role since the Kuomintang established its authority on the island.

Mr. Chiang, who is 77 and in poor health, also was anxious to ensure the stability of a society whose affluence has hastened its political evolution.

Apart from the removal of martial law restrictions, the president

also indicated that he would make the island's three legislative bodies more representative and give greater autonomy to provincial and municipal governments.

Earlier this year the government also announced that it would remove longstanding limits on the number of newspapers that are published on Taiwan and on the size of the 31 dailies that are already licensed.

In many respects, the transformation of Taiwan's political environment is already apparent. The government now displays increasing tolerance toward its critics, local analysts say, and it has accepted the new opposition party even though it remains illegal under martial law.

Mr. Chiang is not expected to reverse the course he has set for Taiwan. However, many influential Kuomintang leaders are reacting defensively, according to party sources, to the first organized political challenge they have faced in 40 years.

Anxious to avoid a split in the ruling party, Mr. Chiang is seeking to win over his conservative opponents — many of whom are among his closest associates — rather than confront them with political ultimatums.

Thus, the liberalization of press regulations, like the lifting of martial law, has been postponed until later this year. Reform of the legislature no longer appears to be on the ruling party's current agenda.

At the same time, Mr. Chiang has already begun elevating reformists to senior party positions. Earlier this year he appointed two prominent younger officials as deputy general secretaries.

More important, he is now widely believed to be planning substantial cabinet changes within the next two months. Many analysts expect the shuffle to open the way for speedier changes.

"Chiang seems to think that the present cabinet is incapable of handling the situation that has developed since the December elections," said one political commentator.



INDONESIAN CAMPAIGN HEATS UP — John Naro, chairman of the Moslem-backed United Development Party, speaking at a rally Tuesday in Jakarta. The party assails corruption, business monopolies and restrictions on political rights. The elections, in the world's most-populous Moslem nation, are scheduled for next month.

# U.S. Air Force Is Assailed Over B-1

By Molly Moore  
Washington Post Service

WASHINGTON — The air force's shoddy management of the \$2.3 billion B-1 bomber program has left the United States with a bomber that is only half as capable of completing a wartime mission as it was intended to be, a House of Representatives committee asserted Monday.

"In the bluntest of terms, the U.S. Air Force has been a greater threat to the success of the B-1 bomber than the Soviet Union," the House Armed Services Committee said in a report on its investigation of the troubled bomber program.

The committee chairman, Les Aspin, Democrat of Wisconsin, said Monday that he believes the low-flying bomber will never reach the full capability advertised by the air force.

"Frankly, the air force screwed it up," Mr. Aspin said at a news briefing to release the 35-page investigative report, one of the harshest crit-

icisms yet of the B-1 program. "They screwed it up and didn't tell us about it."

The study blamed the air force's management problems on poor internal oversight, efforts to build the plane at the same time contractors were still developing many of its components and the service's decision to serve as its own prime contractor in integrating the dozens of subsystems in the plane.

Mr. Aspin said the air force's "lack of candor" over the B-1 problems "got them in big trouble on Capitol Hill."

That could provoke Congress to impose stringent controls on future air force programs, including the secretive "Stealth" Advanced Technology Bomber, or ATB, Mr. Aspin said. The House panel held a private meeting Monday afternoon on the management of the Stealth plane, but officials declined to discuss details.

Air force officials have said repeatedly that the B-1 bomber is capable of meeting its mission requirements.

The airplane, designed to penetrate deep into enemy territory at ground-hugging altitudes, has been plagued by problems with its defensive electronics, terrain-following radar and flight control systems — all integral to its mission.

The air force has said it is solving many of its problems, but concedes that it has not yet determined what is wrong with the electronic countermeasures system, which is supposed to help protect the bomber from attack.

The first B-1 bomber was placed on alert status at Dyess Air Force Base in Texas last fall. The last of the 100 bombers is scheduled to be delivered in April 1988, although air force officials say some of the plane's systems may not be fully operational until at least 1991.

The congressional study, however, questions whether the bomber will be completely operational by 1991. "Many of the fixes that the air force claims solve the B-1's problems have yet to be tested," according to the report.

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### U.S. Shuts Down Nuclear Power Plant

Washington Post Service

WASHINGTON — The govern-  
ment ordered the Philadelphia Electric  
Co. to shut its Peach Bottom nuclear  
power station on Tuesday, saying workers and their  
supervisors often slept on duty in the  
control room.

The shutdown procedure began  
immediately on Tuesday morning.  
"Continued operations of the fa-  
cility are an immediate threat to the  
public health and safety," said Victor  
Stello, the executive director of  
operations for the Nuclear Regulatory  
Commission.

"Sleeping while on duty in the  
control room demonstrates a total  
disregard for performing licensed  
duties and a lack of appreciation  
for what those duties entail," Mr.  
Stello said in an order to the utility.

A spokesman for the commis-  
sion, Frank Ingram, said the shut-  
down procedure at Peach Bottom,  
in southeastern Pennsylvania near

the Maryland border, was started  
Tuesday morning. He said this was  
the first shutdown ordered because  
of sleeping in a reactor control  
room.

Mr. Ingram said that Philadel-  
phia Electric will be required to  
submit a plan within seven days for  
correcting the problems at the  
Peach Bottom facility. The plant's  
two reactors will remain shut until  
the government is satisfied that the  
operators will no longer sleep on  
duty, he said.

A Philadelphia Electric spokes-  
man, Neil McDermott, said: "The  
company intends to be fully re-  
sponsive to the NRC concerns. The  
company is committed to take  
whatever measures are necessary to  
assure that plant operations are  
conducted with the highest degree  
of professionalism and excellence."

According to Mr. Stello's order,  
"On March 24, 1987, the NRC Re-

# IRS Moves to Enforce Tax Law Compliance By Americans Abroad

By Robert C. Siner  
International Herald Tribune

WASHINGTON — The Internal Revenue Service announced new efforts Tuesday to ensure that Americans abroad understand and comply with the U.S. tax laws.

Percy F. Woodard Jr., an IRS assistant commissioner for international tax matters, said that compliance with international provisions of the tax code is poor and announced four measures to deal with the problem.

They are increased efforts to educate overseas Americans on the special tax provisions applying to them, stepped-up enforcement aimed at those who refuse to comply with those provisions, increased examination of the returns of foreign-owned businesses in the United States and new research to identify other problem areas.

To help Americans abroad understand their U.S. tax obligations, Mr. Woodard said, the IRS is sending specialists trained to provide tax assistance to 85 cities in 52 countries. They will provide advice to individuals or groups of overseas taxpayers who request it.

Information on visits by these specialists is available from U.S. embassies and consulates or from the IRS in Washington.

To catch those who refuse to comply, Mr. Woodard said, the agency is trying to gather more information on overseas taxpayers and on Americans in the United States who receive income from abroad.

He cited a provision in the 1986 tax reform act that requires applicants for passports or passport renewals to file a form showing their name, address, date of birth and social security number. Foreigners applying for permanent resident status in the United States will have to fill out the same form.

In addition, Mr. Woodard said, the IRS is working to expand and improve the tax information it gets from some of the 37 nations

with which the United States has bilateral tax treaties. This includes developing a common format for tax information and working out agreements under which simultaneous tax examinations can be conducted with the tax agencies of another country.

To date, the IRS can carry out simultaneous examinations with the tax agencies of Canada, France, Britain, Italy, Japan, Norway and West Germany.

The agency also plans a 25-percent increase in the number of international tax examiners to provide increased scrutiny of the returns of foreign-owned businesses in the United States. Mr. Woodard said studies are under way to determine just where areas of non-compliance are.

**Demjanjuk Unknown To Investigator**

JERUSALEM — A West German prosecutor of Nazi war crimes testified Tuesday that the name of John Demjanjuk, the alleged Treblinka gas chamber operator, in more than two decades of investigations.

Helge Grabitz, of the Hamburg district attorney's office, said she has participated in Nazi war crimes trials for 21 years. She took part, she said, in proceedings against the commander of the Treblinka SS camp, where Mr. Demjanjuk is alleged to have been trained before being transferred to Treblinka.

Asked at Mr. Demjanjuk's trial if she had ever come across the name "Ivan Demjanjuk" in her investigations, she replied: "No."

Mr. Demjanjuk, 66, a Ukrainian born auto worker who was extradited from the United States on charges he killed hundreds of thousands of Jews in the Treblinka camp in German-occupied Poland, has denied he was ever in Treblinka. He says he is a victim of mistaken identity.

The war crimes prosecutor said that in 6,000 pages of documents related to Treblinka, she saw the names of only 10 percent of the 4,000 Ukrainians estimated to have trained there. She said no historians were known to have specialized in Treblinka.

Her testimony also focused on "organization" procedures at the camp. She said that physical descriptions of the Ukrainian recruits were written arbitrarily on their SS identification cards by clerks at the camp, who determined each soldier's weight and height by sight.

The prosecution is expected to use the statement to explain the difference between Mr. Demjanjuk's actual height of 1.80 meters (6 feet) and the 1.75 meters listed on what it says is his SS ID card.

Defense lawyers say the identification document, given to Israel by the Soviet Union, is not authentic.

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It is intended that part of the proceeds of the loans will be applied to eligible payments under the following packages/projects:

- Northern Area (YEM 084A) — financed by BITS;
- Sanhan Area (YEM 084B) — financed by IDA/World Bank;
- Southern Area (YEM 084C) — financed by AFESD/IDB.

The following conditions are stipulated by the Financiers: YEM 084A BITS: Only Swedish contractors are eligible to bid;

YEM 084B IDA/World Bank: Only bidders from the World Bank member countries, Switzerland, Taiwan and China are eligible to participate;

YEM 084A, B, C: Post-qualification on the basis of criteria included in the Tender Documents.

The project will be performed as one Project by the Yemen General Electricity Corporation (YGEC) as the Client and supervised by one Consultant.

The three projects/packages, however, are independent in as much as they are in separate areas as well as financed by separate Financiers.

The YGEC now invites bids from eligible bidders for the complete work (turnkey project — suppliers of components only will not be considered).

Application may be made as follows: YEM 084A: Only Swedish contractors. YEM 084B, C: Both or any of the packages — all contractors.

Tender Documents can be purchased for an amount of U.S. \$250. — per package from April 15, 1987 onwards from the Consultant's Head Office, mailing Address:

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Bids will be opened in the presence of the bidders' representatives who choose to attend at 12:00 (noon) on July 16, 1987, at the offices of YGEC.

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ARTS / LEISURE

Eavesdropping on the Lion of Judah

By Robert Cushman

International Herald Tribune

LONDON — We do not see many new plays about kings; at least not about contemporary kings. Hardly surprising, since there are so few to write about. But it leaves a hole in modern drama. It is good to have a protagonist whose

THE LONDON STAGE

fate is bound to the fate of a nation, and who goes through life with that responsibility. He does not even have to be a good king: If he falls the most rabid republican will be interested and may even be moved. There is built-in pathos when a man with a mission is forced to relinquish it. Richard II wanted to sit on the ground and tell sad stories of the death of kings. He knew, in every sense, what he was talking about.

At the Royal Court upstairs we are given an unusually strong dose of modern royalty in "The Emperor." This is billed as "by Ryszard Kapuscinski." In fact Kapuscinski wrote a book, a collage of eyewitness memories of the long reign of Haile Selassie of Ethiopia, and these have been reassembled for the stage by the playwright Michael Hastings and the director Jonathan Miller and distributed among five actors.

None of them "plays" Haile Selassie, though each of them gets a turn at speaking his reported words. The tone of Miller's production is, for most of its length, coolly comic. The imperial regime is depicted as government-by-informer, the set consists mainly of doors, we are constantly aware of everybody eavesdropping on everybody else. A speaking actor will have another actor leaning curiously on his shoulder, sometimes they all threaten to fall over like a pack of dominoes.

All this is wittily done, and when it threatens to become monotonous Miller usually has something up his sleeve. We are told that Addis Ababa became a city full of ears, and we expect to catch glimpses of them behind the doors. Instead we find ourselves gazing at a pair of feet.

But the show only moves into top gear in its last sequences. First there is a satiric treatment of the court's consternation when the world's journalists fly in to draw attention to the famine: How dare they? Then, after the emperor's deposition, it becomes extraordinary.

The cast includes a severely disabled actor, Nabil Shaban, his legs no more than stumps. We see him as the diminutive Lion of Judah, being read to from the Bible and repeating the more encouraging phrases with a sort of sepulchral hopefulness. He still believes in himself, and because of this the dignity of monarchy remains about him. It may be absurd, but the theme of the fall from high places remains as potent as ever.

flaccid evening. What with the lameness of the dialogue, the extreme complication of the plot, and the frantic doubling of the actors, I gave up trying to follow.

I did register a certain energy, and a high frenzy rate, but from Churchill (who wrote the innovative "Cloud Nine" and "Top Girls") and from her director, Max Stafford-Clark, here below his usual standard of lucidity, that is not enough. There is amiable work from Alfred Molina (a bit fuzzy at the last preview) as a visiting American fixer, and a good display of predatory female aggression, 1980s style, from Lesley Manville. But the acquisitive fury that the play condemns and celebrates is only captured in one performance, by the ferret-faced Gary Oldman — and in blunt scabrous song lyrics by Ian Dury — that makes a wild conclusion to the play's first act.

The main fault of "Serious Money" is shared by the off-Broadway musical "March of the Falsettos," at the Albery: Its words are not up to the task that is set for them. This is the story of Marvin, his divorced wife, their young son, Marvin's male lover, and the wife's psychiatrist and eventual second husband (How Manhattan, I think we are meant to ask, can you get?). It is all about relationships, ab-

struse things that need to be made complete. That is the task of song lyrics always, and William Finn's, though by no means terrible, are not up to the job. A show that needs teeth is all gums.

The production comes from the Library Theatre in Manchester, in recent years a hotbed of American musicals, including the British premieres of three shows by Stephen Sondheim. It is a stylish job, style here meaning perplex sets and (from Roger Haines) airy and logical direction. The singing is first rate, not a word lost or a note muffed in a tricky score, and there are two prime performances. Martin Smith's Marvin, flesh on a dramatic skeleton, and Barry James's Mendel, the psychiatrist, vocally and physically twitchier than any of his patients. James, who was Seymour in London's "Little Shop of Horrors," is cornering the market in musical nebbishes, though Mendel is a genius-chump where Seymour was just a chump's chump.

Odd: The show, which seems more intelligent than "La Cage aux Folles" and would certainly claim to be more liberated, is actually squarer. Its homosexual ménage breaks up, and all ends happily when Jason (Marvin Ellis), devoted to chess, declares pubescently for girls.



Bernstein's "A Quiet Place," with (from left) Ronald Pries, Catherine Swanson, Monte Jaffe, received a 20-minute ovation.

'A Quiet Place' In Bielefeld

By James Helme Sutcliffe

BIELEFELD, West Germany — Bielefeld's City Theatre, one of the most adventurous in West Germany, has done it again. With both Munich's and Hamburg's opera houses closed for part of the season for repairs to the stage machinery, the resignation of Hamburg's musical director because the orchestra felt itself incapable of playing Luigi Nono's new "Prometheus" in the allotted rehearsal time, and West Berlin's having staged but a single new opera production since the season began last September, Bielefeld brought out its second novelty in as many months, the ninth in four seasons. Its last two 20th-century rediscoveries — "Transatlantic" and "Nenes vom Tage" — are still playing to packed houses.

The most recent opening night was one with a difference. Whereas all the other rediscoveries have been of neglected operas old and new, Leonard Bernstein's "A Quiet Place" — its first German production and the first in any language but English — is a special case. Still new, it was penned by critics in Houston (1983), Milan and Washington (1984), and received with some skepticism in Vienna (1986) for its sentimentality, extreme length, repetitiveness and apparent rummaging around in unsavory private details, thus invoking the atmosphere of the confessional. It has undergone three revisions.

Bernstein's biting little one-act satire on the false values of American suburbia, "Trouble in Tahiti" (1950), was first performed as a prologue (Houston), then as an "intermezzo" within the larger work, itself a very long retrospective look at the estrangement beginning in "Tahiti" (Milan), then integrated completely into Act 2 (Vienna). That version, staged by its librettist Stephen Wadsworth and conducted by the composer, will be out on Deutsche Grammophon records at the end of the year.

Bielefeld's adventurous team of John Dew (director) and Gottfried Pilz (designer), using a superb German translation by Paul Esterlitzky that avoided much of the mandarin phraseology of the original, went one drastic step further and cut half an hour of the music, sacrificing a fine Act 1 aria because the weak one in Act 3 had to go, and balance had to be maintained, then dividing the work in the middle to create two acts with two scenes each, each divided by Bernstein's impressive Mahlerian orchestral interludes.

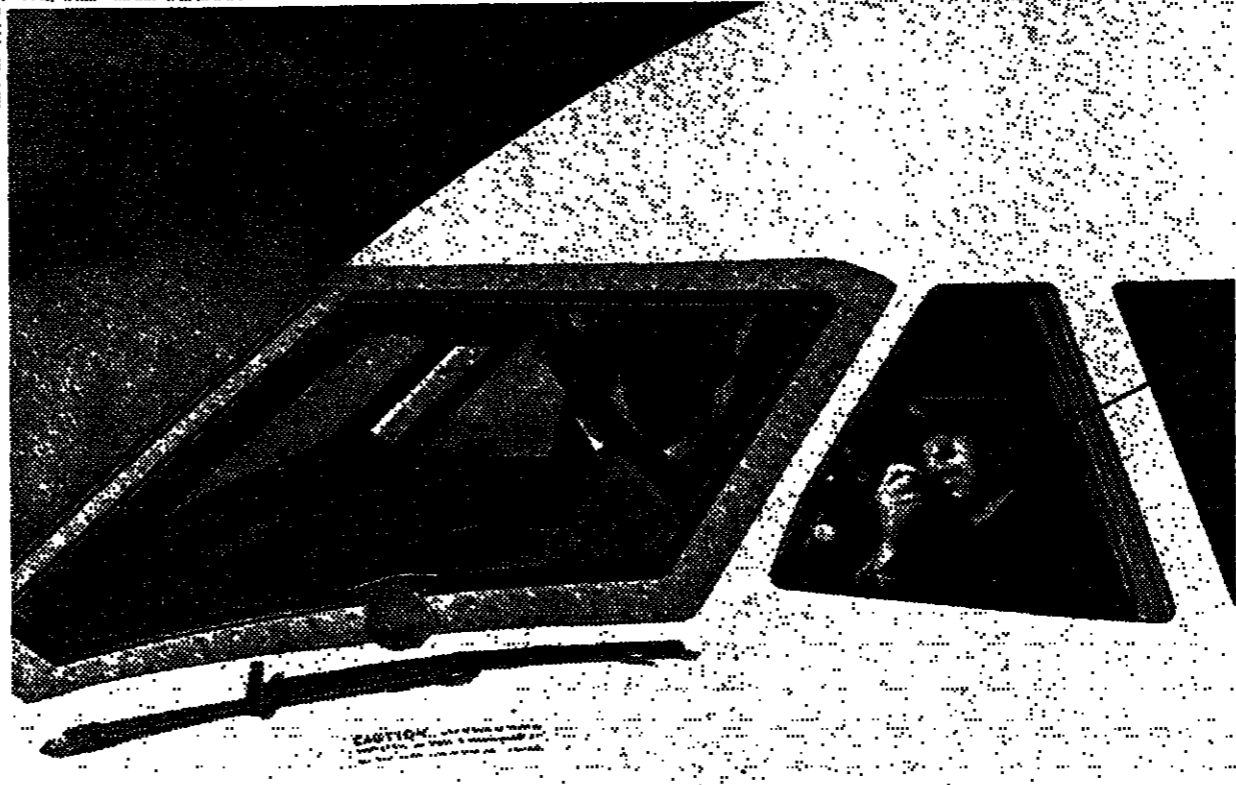
In Washington D.C. in July 1984, the audience was stupefied by the length of the piece and embarrassed by the heart-on-sleeve self-analysis, first sitting, then leaving in silence. In Bielefeld the audience stayed and stayed to applaud, bringing out the performers 15 times to award them with a 20-minute ovation, thoroughly deserved by the cast and the conductor, Rainer Koch. The American baritone Monte Jaffe sang the role of the mature Sam, who has just lost his wife Dinah (Krysina Mchalewaki) in a car accident, just as the librettist had lost his sister. The young Sam, was played athletically by a newcomer, Michael Vier, whose macho aria about the sporty qualities that Americans think make a man a man was followed by a naked shower in a steamy bathroom, quite a departure for the staid art form of opera. Catherine Swanson had just been engaged in Bielefeld and found herself making her debut in a bit of perfect casting. Sam's self-assured but sweet daughter Dede, Victor Ramirez touchingly portrayed Sam's homosexual son Junior, whose former lover Francois — superbly sung by Ronald Pries — is now Dede's husband.

Dew's moving staging of what could be embarrassingly personal scenes on stage achieved that wondrous quality, believability in the love-hungry plights of the protagonists, via neither compromise in the explicit scenes nor off-putting detail. He obviously believes in Bernstein's opera strongly and sees it as a continuation, even a resolution, of the Richard Strauss-Hugo von Hoffmannsthal "Die Frau ohne Schatten," which he had staged in Bielefeld earlier this year as a modern drama of marital alienation. Gottfried Pilz's neutral gray single set — movable box wall panels with photos of the four family members against the rolling fields of a suburban environment — was put to touching use at the end of the opera. Dinah, observing the reconciliation of her betrayed family from beyond, stepped down.

If "A Quiet Place" has finally found its most valid theatrical form in the Bielefeld production, then it will be a consignment to the theater. After all, "Candide" took almost 30 years to reach its final form — the way it is currently performed at the New York City Opera.

James Helme Sutcliffe is a Berlin-based critic and musician.

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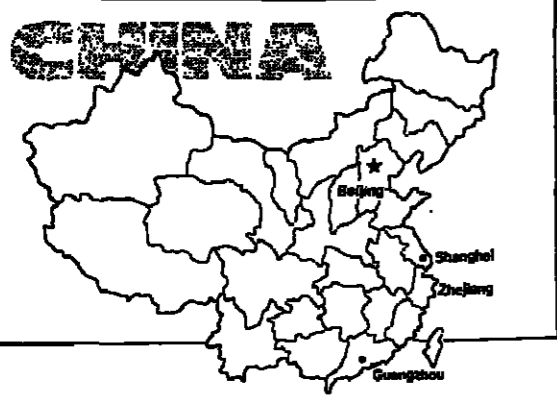
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ADVERTISING SECTION



# PORT CITY WITH A FUTURE SHANGHAI



## Street Fashion: Bright and Varied

Shanghai has long been noted for its clothing industry, although that industry has been vastly expanded and diversified in recent years.

A competition for children's dresses designed by parents was held in Shanghai in May 1984. The response was enthusiastic, and the child "models" performed gracefully, watched by the proud audience of parents.

The event was, however, more than just a pleasant social gathering; it indicated the skills and taste of the local people. A Shanghai fashion show group was accorded a warm welcome when it traveled to Hong Kong in August that year — again, the little models, with swept-back hair, performed like troupers along the catwalk.

China closely watches the markets for fashion trends, such as in designer casuals and sportswear. The city also has an increasing awareness of fashion sense itself, witnessed by the many fashion shops in the streets, with all the complementary services like hairdressing establishments, etc.

In this context, the Shanghai Garment Branch of the China National Textiles Import and Export Corporation offers a wide range of woven and knitted garments, as well as gloves, swimwear, rainwear and sportswear. The range of fabrics used in the hundreds of factories producing these products is also wide — wool, cotton, silk, polyesters, acrylics, nylon, mohair and blended materials. But the usual catalog of shirts, suits, frocks, coats, jackets and pajamas does not exhaust the list in Shanghai. The Garment Branch also offers knitting yarns in wool and acrylics, kitchen clothes, sleeping bags, and fasteners and tapes.

Garments are among China's most buoyant exports. In a recent twelve-month period the rate of increase in value has been over 50 percent. Exports to Hong Kong alone rose by 37 percent last year, having almost doubled since 1984.

## The Fabric of History

Spinning and weaving of fabrics have always been at the forefront of China's contribution to human economic development over the ages. When Shanghai became a modernized port city last century, it was inevitable that it should become one of the world's great textile factory cities.

There are nearly 20,000 textile enterprises in all of China, and a large proportion of these are in Shanghai. Textile processing plants account for nearly 5 percent of the nation's total number of factories, and the value of textile production accounts for about 16 percent of China's total industrial output value.

Textile exports amount to U.S. \$17 billion and more, and have been rising steeply in recent years, accounting for nearly 20 percent of total export value. Since 1979 the textile industry's output value has increased by an average of about 13 percent a year.

Cloth rationing, which was in force for 30 years, has been abolished. The one big problem that once confronted the market was not a shortage of cloth but the lack of a great variety of superior quality fabrics to meet consumers' demands. This has compelled the textile industry to increase the output of better materials.

The Shanghai Branch of the China National Textiles Import and Export Corporation, naturally enough, plays a leading part in the development of fabrics of better quality and greater variety. The Branch offers a great range of fabrics of all kinds — natural and synthetic fiber and blends and of every weight. Yarns, wovens and knitted fabrics (grey, bleached, dyed or printed) are also offered by the Branch, which has over 30 years of trading experience, and has relations with over 130 countries and regions round the world.

China is now the world's leading producer of the important artificial fiber vinylon. Total production is over 160,000 tons a year. Vinylon is not only used in clothing and for household use, but also for heavy industrial purposes.

## Medicines Familiar and Exotic

A catalog from the Shanghai branch of China's National Medicines and Health Products Corporation is more colorful than its Western counterpart. In addition to the drugs and tablets and ointments with which the West is so familiar, one finds a whole range of Chinese medicines from far more ancient pharmacopoeias, such as "Fine ginseng," "Styrax" and "Sanbus Anti-obesity Tea."

But the Shanghai trading branch, ironically, is very new. It was formed only in early 1986, when the medicine section of the chemicals trading corporation was separated for better administrative efficiency.

Mr. Shu Xianghua, deputy general manager, says jovially that "the Shanghai branch is number one in the country. Shanghai branch has top quality!"

He calls on more than 30 factories to provide medicinal and pharmaceutical products, and if the Chinese herbs, surgical instruments, glassware and bandages are included, then he deals with over 70 factories in the Shanghai area. Products are exported to more than 100 countries, and different products have different markets: the United States, Japan and West Germany are high on the list for the Western pharmaceuticals, while the Chinese medicines go mainly to South and Southeast Asia.

Most raw materials come from China's well-developed chemical industries, but the herbs come from many distant provinces — the mountains and plains of far Cathay.

Export value in 1986 was over U.S. \$130 million, up 15 percent over 1985 (when the branch was part of the chemical corporation). Shu supports measures to send staff abroad, and to invite experts to Shanghai to upgrade the production. He is eager to learn about the latest techniques and designs of medical instruments and to invest in high-tech equipment.

As for the exotic Chinese medicines, Shu is making great efforts to raise exports to the United States and Australia. "Some of the population there believe in Chinese medicines and herbs as being part of the back-to-nature lifestyle," he says. "There is a big future in herbal medicines, I think."

## Machinery Is the Key

When a policy of modernization is laid down, as China has done, it requires two vital elements — skilled workers and improved machines. Hence the key importance of China's National Machinery and Equipment Import and Export Corporation. Among the many branches of the Corporation, Shanghai's stands supreme.

The city has had long experience in the development of machinery and manufacture, and has the technical back-up. The Machinery and Equipment Shanghai branch has several tasks: it is a heavy importer as well as exporter, and it serves not only the Shanghai area but also acts as the consultant and importer for other parts of China. When joint investment ventures are established between Chinese institutions and foreign partners — for hotels in Guizhou, a nuclear plant in Quishan, or a port in Shandong, for instance — the Shanghai branch is often brought in to arrange for equipment and technical services.

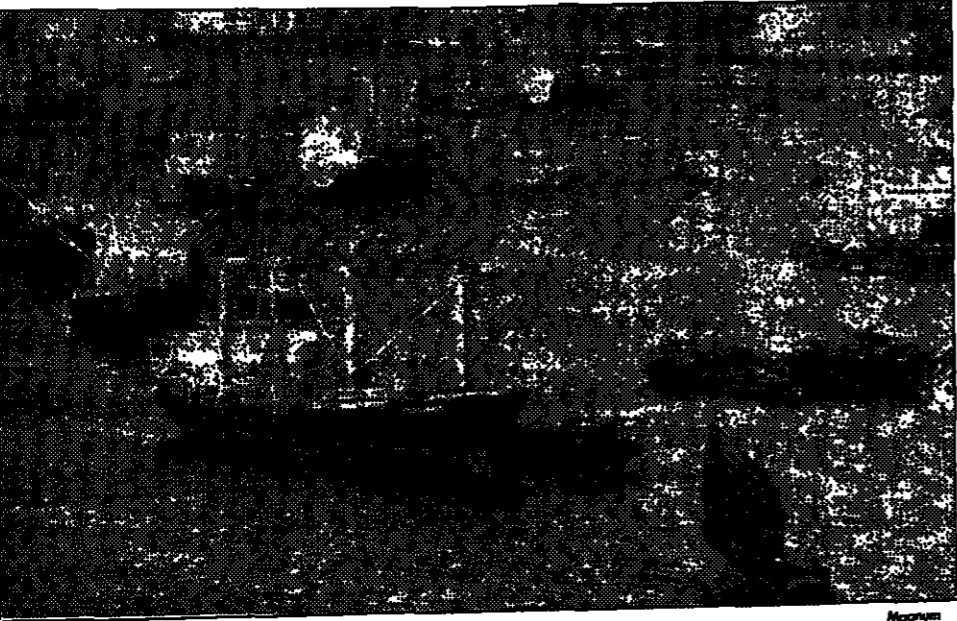
Mr. Jiang Yiping, general manager of the branch, therefore presides over a business of some complexity and clout. The factories and offices allied with the branch in Shanghai employ some 360,000 staff. The variety of activities may be gauged from the following examples of its works:

It has developed many forms of transaction and cooperation, such as processing from clients' drawings and samples, assembly using customers' components, manufacturing with customers' materials, joint venture and technical transfer negotiation, etc.

The branch has concluded many arrangements with producers abroad to manufacture new equipment, and on occasion has improved on the original model. For example, the Shanghai Welding Machine Works imported spot welding machines from a French company, and since then has been producing welders in batches. Compared with the old products, the new welder is only one-quarter the weight, with less energy consumption and higher efficiency.

The Shanghai branch is active in compensation trade and barter deals. Examples include the sending of trade groups to West Africa to negotiate agricultural machinery and machine tools on a barter agreement in 1985-86, after which an export contract was signed amounting to over \$1.35 million.

In Colombia, the branch arranged a barter deal with the cooperation of the China National Native Produce and Animal By-Products Corporation. Under its terms the Shanghai Machinery Branch exports "Shanghai-50" tractors to Colombia in return for cocoa beans. In this manner, the Corporation has more opportunities for flexible trades with the developed countries, and use barter with the developing countries. Further successes in this field are expected, says the Shanghai management.



The Shanghai harbor.

SHANGHAI, with a population of 12.17 million, lies on the mouth of the fertile Yangtze Delta in mid-China, facing the Pacific Ocean. It has long been a door to the interior of China, and in particular the long Yangtze valley. For generations it was one of the busiest and most colorful ports in the world, and that is the eminence to which it now aspires once again.

Over 100 years ago, foreign businessmen began setting up in Shanghai, and through the years a modern commercial city was built up on the harbor side (the famous "Bund"). Shanghai now has over 8,500 industrial enterprises, comprising many industrial sectors, the major ones being metallurgy, chemicals, machinery, shipbuilding, electronics, instruments and meters, textiles, light industry, medicines, handicrafts, etc. Its light and textile industries, and its machinery industry, are of long standing.

In recent years, new industrial products include metallurgical materials, high polymer compounds, electronic computers, precision meters and instruments, precision machine tools and petrochemicals. Gross industrial output value for 1985

was over 82 billion yuan (U.S. \$22 billion).

Being one of China's largest industrial bases, Shanghai now maintains closer contact with the international market, imports large quantities of raw materials from abroad, and exports about one-third of its processed industrial goods to those overseas markets.

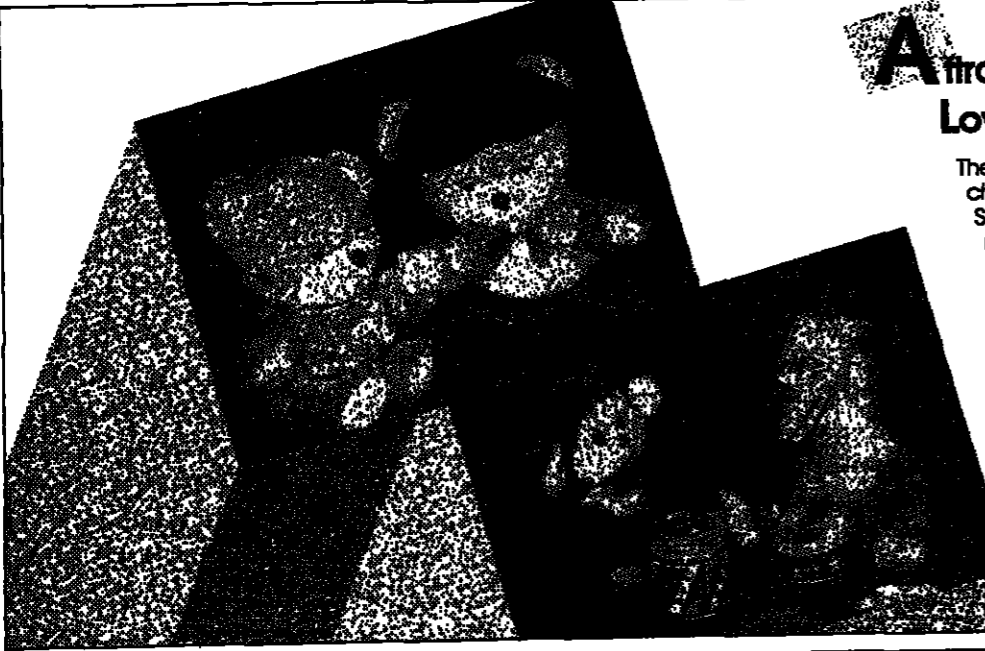
Taken as a whole, the Shanghai area is a giant economy on its own. In the surrounding ambit of cities and towns, an additional 5,000 factories employ over 900,000 workers and staff. Here the main industries are machinery, building materials, garments, foodstuffs, pharmaceuticals, instruments, and household electric appliances. In all, these trades turn out over 1,000 varieties of products, more than 300 being marketed abroad. Local handicrafts such as lace, embroidery and straw-ware are among them.

Shanghai has a good foundation in education and culture, and a high concentration of scientific and technical personnel. The city has 45 colleges and universities with about 50,000 full-time teachers and 90,000 students. It also has over 800 research units for various

branches of natural science representing 350,000 professionals. There are 170,000 professionals in the field of social science research. About 800,000 adults study in special colleges and middle schools.

Shanghai's harbor is the largest in China, handling more than 100 million tons of cargo annually (among the top eight harbors in the world), with about 20,000 coastal freighters and 2,000 ocean freighters calling annually. The harbor facilities are being modernized. Two railway trunk-lines, Shanghai-Nanjing and Shanghai-Hangzhou, link the city with the network of lines stretching all over the country. An international railway joint operation enables railway transportation from Shanghai to reach 18 countries in Europe and Asia.

Shanghai's Hongqiao Airport is one of the largest in China, with 38 domestic routes to all the provinces, municipalities and autonomous regions, and international flights to Tokyo, Nagasaki, Osaka, Hong Kong, San Francisco, New York, etc. China's CAAC airline, Japan Air Lines, Northwest Orient and Cathay Pacific are among the lines serving the rest of the world.



## Attractive Toys Which Children And Wholesalers Love To Have

The Shanghai Toys Import and Export Corporation specialises in creating toys that children love to possess and wholesalers like to handle. Shanghai toys are available in wool, wood, rugged plastic and plastic coated materials.

Some of our toys use sound controls, magnetic controls or optical controls to give them life and movement, while others are powered by electricity, springs or inertial system.

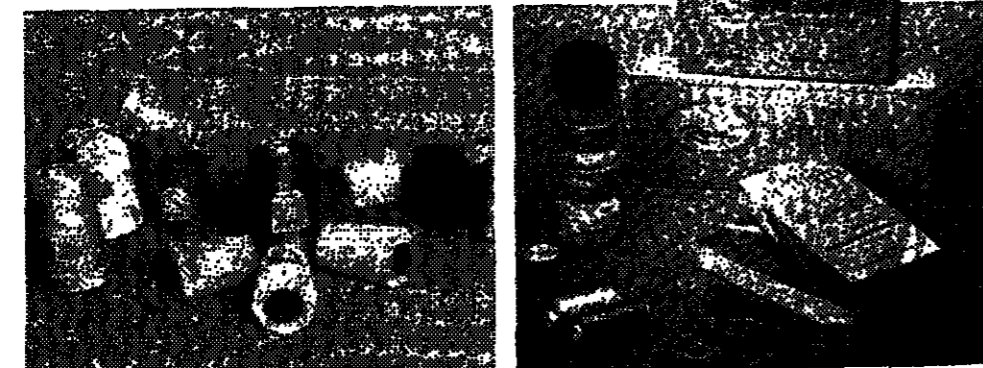
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For more information, please contact:  
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For more information, please contact:  
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SHANGHAI HOME TEXTILES BRANCH,  
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### Cozy Home Textiles

The phrase "home textiles" has a cozy sound, and scarcely one which would be expected in an official title, but that is the English translation of one of China's trading corporations, and it is quite accurate. The giant "China National Textiles Import and Export Corporation" became too cumbersome, and so in 1984 the garments section was subdivided into three, looking after sewn garments, knitwear and — home textiles.

What are they? Any fiber products which are used in the home, not on the human body or in industry. The largest group of products is bed linen (sheets, quilts, covers, pillows and blankets) and the second biggest is bathroom articles (towels, bathrobes, etc.). Then come curtains and furnishing fabrics, mats and rugs, braids and tapes. Incidentally, two human-body products are produced — diapers (because of

the quilting experience) and shoelaces (because they are braids).

Shanghai's Home Textiles Branch is therefore a huge trader. Mr. Tong Jian Hua, general manager, points out that in 1985, the branch sold U.S. \$125 million worth of products, and that this rose to \$153 million last year, a 22 percent increase. The largest market is the United States, followed by the Common Market countries and Japan. Hong Kong and the Middle East are also good buyers, but the Middle Eastern market has shrunk somewhat with the fall in oil income. In Western Europe the leading buyers are West Germany, the United Kingdom, Italy and the Scandinavian countries.

Each product group has a separate network of factories, and given the range of items, it is not surprising to learn the branch draws on approximately

300 factories altogether for its supplies. Quality control is, of course, vital, and the branch engages an army of supervisors and inspectors. Tong says: "In today's competitive world market for textiles goods, only good-quality merchandise is profitable, and we have to go more and more upmarket. I think we enjoy a good reputation with buyers on quality and delivery."

The branch does some heavy marketing campaigns, as might be expected. It participates in the big trade fairs in Europe and America, and scores of foreign clients arrive in Shanghai every month.

Future prospects are bright. Tong concludes, "Business is growing — we plan more investment and technological improvements. Our world market share is not big, so we have plenty of room for growth," he says optimistically.

### Wonderland of Toys

An Aladdin's cave — that is the impression any visitor will get on stepping into the showrooms of the Shanghai Toys Import and Export Corporation. China took advantage of the buoyancy of the world's toy market by setting up this special corporation in 1980. It combines 37 factories and trading corporations, employing 10,000 people — and that does not include various factory units that supply parts for the products.

Trading value in 1986 was U.S. \$50 million, 25 percent higher than 1985, and the corporation now exports to over 100 countries. The biggest markets are in Europe — West Germany, Italy, France, Britain — and the United States, but new markets are evolving in Latin America, says Mr. Huang Zhi Hao, sales director.

Two of the factories specialize in making many thousands of molds, and anyone in the toy trade knows that it's the molds that count.

For Shanghai, the big sellers are the plush toys, dolls and stuffed animals. "Our largest single order," says Huang, "was U.S. \$100,000 for one design of one animal for the United States. Since the establishment of the factory six years ago we have produced more than 660 types of plush toys." In the 12-

year Chinese zodiac this is the Year of the Rabbit — so, predictably, Shanghai has been producing furry rabbits by the dozens, and Huang can promise short delivery times on plush toys ("Sixty days from order date!").

The outlook for the toy trade is very bright in Huang's view. "People are having smaller families in many countries, including China, and the parents tend to spend more money on the children." To meet the demand, his corporation offers a fantastic variety of playthings. Just one glance around the showrooms reveals dartboards, jump ropes, ten-pin games, toy trains, building blocks, dolls' tea sets, drums, puzzles, accordions, marbles, beach balloons, toy cars, airplanes, guns, baby carriages, bicycles, teddy bears and (of course) pandas.

"Our factories are working to full capacity," says Huang, "and so we must expand production." Has he noted any new trends in toys lately? "Yes, the market has changed from electronic toys towards friction toys, because friction toys are cheaper. And we are developing a new product — plush toys with mechanical workings inside." His face lights up — just like a child receiving one of his own gifts.

### Biggest Chemical Producer

Shanghai has many "biggest" in China. One is the Shanghai branch of the China National Chemicals Import and Export Corporation, which leads the country in output of chemicals and — perhaps an unexpected product for its list — heavy vehicle tires. But since the chemicals are mainly petroleum derivatives, it is logical that tires made chiefly of synthetic rubber should be part of its production schedules.

At the office in mid-city, Mr. Zhang Shu Shen and Mr. Wu Bi Xing, top executives of the branch, say that their branch deals with nearly 500 manufacturing units all over Shanghai, collecting cargo from all the factories, big and small. "Our main exports are petroleum chemicals — raw materials, pigments and dyestuffs, dye intermediates and rubber products. We have a total value of both-ways trade

running to over U.S. \$200 million a year, the branch being a very heavy importer as well as exporter."

Shanghai's is the oldest and biggest branch within the National Chemicals Corporation, they say with some pride. Orders for their products come from 130 countries round the world, the largest being from the United States.

The Corporation puts its oil-refining feedstocks into a wide variety of products: organic and inorganic chemicals, additives for animal feedstuffs, plastics and synthetic resins, reagents, pesticides, fungicides, paints, printing inks and adhesives. Among the rubber and plastic products are conveyor and machine belting. Dyestuffs and hydrosulphite are supplied for the textile industry, edible dyes for the food-processing industry, and enamels for metal-gilding.

Then there are the blowing agents for making foam rubber, antioxidants for pharmaceuticals, resins for audio-discs, activated carbon for filtering sugars, greases, etc., and for deodorizing other chemicals, bleaching powders for detergents — the list is very long.

The branch is the center of China's vehicle tire industry, and three-quarters of the country's heavy-duty tires are produced in the city. One of the supplying factories, Ta Chung Hua, was in fact the first of its kind in China, having been established in 1928. Its "Double Coin" brand sells in 50 countries.

How has the recent fall in the price of crude oil affected the branch? "Our export income from oil has fallen, but our exports have increased overall," says Wu, "because our other products have made up for the shortfall."


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**Celebrating the 1st Anniversary of the China National Medicines & Health Products Import & Export Corporation, Shanghai Branch**

(Jan. 1986 — Jan. 1987)

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We extend our heartfelt respect and gratitude to friends at home and abroad who have helped us and co-operated with us over the past year.

Our Corporation has seven business departments: Chinese Medicines & Herbs; Pharmaceuticals, Pharmaceutical Preparations; Medical Instruments & Supplies; Surgical Dressings; Imports; and Development.

Many of our employees are experts on international trade and adept in foreign languages. We also have technicians who have been engaged in foreign trade for many years and have mastered different specialties.

Our business scope includes: Chinese medicinal herbs, Chinese patent drugs, medicated liquor, health products, medicinal raw materials, pharmaceutical preparations and biological products, biochemical pharmaceuticals, pharmaceutical manufacturing machines, hospital equipment and appliances, chemical reagents, surgical, dressings, health materials, medical technology and equipment, etc. Processing with supplied materials, production according to brand requirements, compensation trade and co-operative production are also within our business scope.

We will continue to follow the current flexible trade policies to develop relations with other countries and regions on the basis of equality and mutual benefit.

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## SHANGHAI GARMENTS



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If you like to know more about our "LeLe" brand Children's wear or other garments, please contact us at:



**CHINA NATIONAL TEXTILES IMPORT & EXPORT CORPORATION SHANGHAI GARMENTS BRANCH.**

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### Handkerchiefs by the Million

Amid the much-publicized global discussions of the textile trades, the humble handkerchief is rarely mentioned. Yet such is the size of this trade that, in Shanghai, a large specialized industry with 13 factories and 7,000 employees is devoted entirely to this product. It rates a separate department within the city's export-import administration.

"We are meeting great demand," says Mr. Hu Yin De, deputy general manager, "and sometimes have to buy in from factories outside Shanghai to meet it." Shanghai's average total production is 26 million

dozen a year (i.e. 300 million pieces, equivalent to one for every 15 people on earth), and foreign trade alone brings in about U.S. \$40 million a year, with markets in the United States and Canada, the Common Market, Africa, the Middle East, South America and the Caribbean. The trade is backed up by computerized information and data-processing systems.

The Japanese market is just being entered, too, with a special cotton-and-linen mix product. Shanghai provides 80 percent of all China's handkerchief exports. "The U.S. market likes

machine-embroidered handkerchiefs, whereas Europe prefers the more expensive hand-embroidered ones," Hu adds.

The Shanghai industry gets its cotton supplies from provinces in China, especially Hubei, but fine cottons also come from Sudan, Mexico and Egypt. Vegetable dyes come from China's Jilin Province, and the chemical dyes from Japan, Germany and Switzerland. "We are expanding, and must buy more machinery," says Hu. Sources of embroidery machines include Switzerland and Japan, the newest ones having computerized design functions.

### Shanghai Handkerchiefs Imp. & Exp. Corporation

is a combination of industry and trade

This corporation produces and exports all kinds of handkerchiefs made of different materials: woven 100% cotton, T/C, ramie, printed and embroidered handkerchiefs including semi-finished products. This corporation also undertakes processing and compensation trade as well as labour services, etc.

Handkerchiefs are one of the traditional export commodities from Shanghai. Shanghai handkerchiefs have achieved a high reputation in the world market.

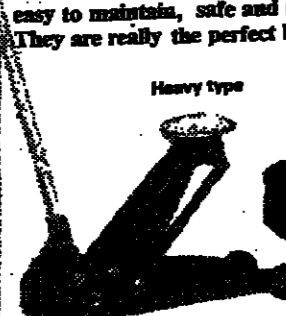
Shanghai handkerchiefs are known for having a long history and a strong technical basis. They have a full range of varieties, manufactured with exquisite materials, excellent in processing and their qualities are very steady. They are also very colourful, fashionable in design and varied in the use of lace. To enhance these products, all handkerchiefs are put together in beautiful packages. All orders will be delivered on time and are reasonably priced.

Right now, Shanghai handkerchiefs are sought after all over the country and are sold to more than 80 countries and regions worldwide.

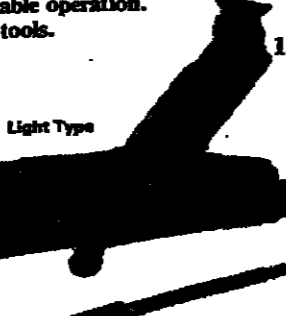
The object of our corporation is "Customer, Credit and Quality first".

### Golden Bow Brand Jacks — a products of advanced technology

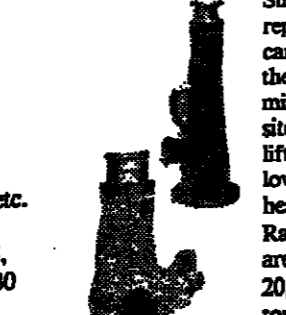
The "Golden Bow" brand jacks exported by CMEC Shanghai Branch include three different types. I.e. the horizontal, vertical and screw types. They all feature novel and compact structure, light weight, quick lifting, portable, easy to maintain, safe and reliable operation. They are really the perfect lift tools.



**1. Hydraulic floor jack**  
Suitable for maintenance and lifting of sedans, jeeps, small cars, etc.  
Maximum lifting capacity is 2 1/4 tons



**2. Hydraulic vertical jacks**  
Widely used in factories, docks, warehouses, automobile and tractor repairshops, etc. Maximum lifting capacities are 2, 3, 5, 8, 10, 12.5, 15, 20, 30 and 50 tons respectively.



**3. Screw jack**  
Suitable for repairing rail road cars, supporting the structure in mines and building sites, as well as lifting and lowering ordinary heavy weights. Rated capacities are 3, 5, 8, 10, 16, 20, 32, 50 and 100 tons respectively.

Detailed catalogue will be sent upon request. For enquiries and orders, please contact the advertising and packaging department of CMEC Shanghai Branch.

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# SHANGHAI CHEMICALS

Shanghai has always been one of the most important foreign trade centres in China. The quality of Shanghai exports is among the best in the country, and the products from China National Chemicals Import & Export Corporation, Shanghai Branch are no exception.

Our business scope is as follow:

Importing & exporting petroleum and petrochemicals, organic and inorganic chemicals, pesticides, synthetic resins, plastics and products, synthetic rubber and products, dyestuffs and intermediates, pigments, printing inks, coating, food additives, chemicals reagents, adhesives, etc. We also engage in introducing foreign capital, processing with supplied materials, joint ventures, co-management, technical exchange, co-production and compensation trade in the range of the above mentioned items.

We are happy to provide samples and catalogues upon request.

Enquiries and orders are cordially welcome.

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**CHINA NATIONAL CHEMICALS IMPORT & EXPORT CORPORATION, SHANGHAI BRANCH.**  
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WEDNESDAY, APRIL 1, 1987

Page 11

INTERNATIONAL MANAGER

Executives Find 'Temping' Is Better Than Retirement

By SHEARY BUCHANAN

LONDON — Retiring early, victim of a merger or simply sick and tired of corporate life? Many managers in these situations can sail around the world, start their own business or consult from home. But not everybody can afford to travel the globe, is a born entrepreneur or enjoys working alone.

These managers now have another alternative: Like many office employees farther down the corporate ladder, they can work on a temporary basis for others, or temp.

"For me it was a perfect solution," said Robert Mark, who is in charge of the London office of Executive Interim Management Co., a joint venture between BCG-Interim Management BV, one of the Dutch companies that pioneered the idea; Egon Zehnder International, the executive search company and other investors. EIM has opened an office in Brussels and is planning two others, in Copenhagen and Stockholm.

Executive temping "is for people who like many changes, high tension and challenge."

"I didn't want to become a consultant because I don't like to write a bible, put it on the table and then go," said Bob Kist, 67. Instead, after he retired in 1983 as chairman of a major Dutch company, he started temping as a managing director. Since then, he has been managing director of five companies, with his assignments averaging eight months.

"It is purely a question of personality," he said. "It is for people who like many changes, high tension and challenge. This keeps me fit."

Executive temps or interim managers don't get executive benefits, or paid vacations, health insurance and pension plans. But they do get the freedom to organize their time, plus new challenges.

From the company's point of view, using executive temps has certain advantages. Cost-conscious companies get flexibility. An outsider is also more likely to solve a problem quickly without playing office politics, and can replace a top executive to give the company more time to find a successor.

"When the assignment comes our way there is always something wrong somewhere. If there wasn't, a large company would use one of their own internal people to sort it out," Mr. Kist said. "You have to just wait for the explosion."

AT THE moment, Mr. Kist is finishing a five-month assignment as managing director of the newly acquired subsidiary of a Dutch conglomerate. He was brought in shortly after the parent company had acquired and merged two competing concerns, with two competing managing directors. Mr. Kist ended up negotiating the departure of both managers.

Even though the jobs are usually tough, there are plenty of managers interested in temping. BCG gets 1,000 applications a year. Although the profile of the interim manager is still an early retiree over 50, the Dutch and U.S. agencies in the field say managers under 50 are becoming interested in temping because of the greater freedom, despite less financial security.

Onno Boers, 45, for instance, just started as an interim manager with BCG at the beginning of the year. "I worked for Royal Dutch/Shell, which was a very effective bureaucracy. But you can't add anything new," said Mr. Boers, who is now part of other projects, some involving setting up the Informatics University in The Hague, a university that will specialize in the management of information technology. Because younger managers are becoming interested, the agencies are looking for younger managers.

See TEMPING, Page 13

Exxon To Buy CSR Unit

Delhi to Cost \$686 Million

SYDNEY — Exxon Corp. of the United States announced Tuesday that it would buy the Delhi Petroleum Pty. unit of CSR Ltd. for \$686 million Australian dollars (\$686 million).

An Exxon subsidiary, Esso Exploration & Production Australia Inc., and CSR, an Australian sugar, mining and building materials group, issued the statement jointly. The transaction gives Exxon an interest in Australia's largest offshore oil fields.

Exxon and CSR are to share equally profits resulting from increased oil prices over the next two years. Delhi has a 25 percent stake in the Cooper-Eromanga Basin oil and gas fields in South Australia and Queensland.

They are the second-largest fields in Australia after the offshore Bass Strait fields between Victoria and Tasmania, in which Esso already holds an equal interest with Australia's largest company, Broken Hill Pty.

CSR had planned to sell part of Delhi to its shareholders and was within days of completing plans for the float when Esso made its offer for Delhi, CSR's chief executive officer, Bryan Kelman, said.

CSR then decided to get out of the risky oil business and concentrate on expanding such major core businesses as sugar and building materials, he said.

CSR immediately made a 220 million Australian dollar takeover bid Tuesday for Pioneer Sugar Mills Ltd., of which it already holds nearly 32 percent.

Stock analysts praised CSR's sale of Delhi as a way out of an investment made with U.S. dollar loans before the Australian dollar and oil prices tumbled. CSR bought Delhi International Oil Corp. of the United States for about \$591 million in 1981.

"It was a bad investment for them. They financed it entirely with debt, the currency collapsed on them and then the oil price collapsed on them," one said.

U.S. Seeks Silicon Island Beachhead

Assault Aimed At Regaining Primacy in Chips

By John Burgess Washington Post Service

KUMAMOTO CITY, Japan — The United States has Silicon Valley. Japan has Silicon Island. The jagged coastline of Kyushu, southernmost of Japan's four main islands, is dotted with trim factories where workers in dust-free production chambers every day turn out millions of the tiny, silicon-based electronic chips known as semiconductors.

The chips are used in everything from cars to pocket calculators to television sets and supercomputers these days. Plants on Kyushu and elsewhere in Japan made about chips valued at \$12 billion last year.

Semiconductors are yet another story of remarkable economic success in postwar Japan. But today, they are causing what could be the country's most dangerous trade showdown with the United States.

On Friday, President Ronald Reagan said that the United States would impose duties of as much as 100 percent on certain Japanese products that contain chips.

This was the only way, he suggested, to make the Japanese enforce their side of an agreement on trade in chips that they signed with the United States last year.

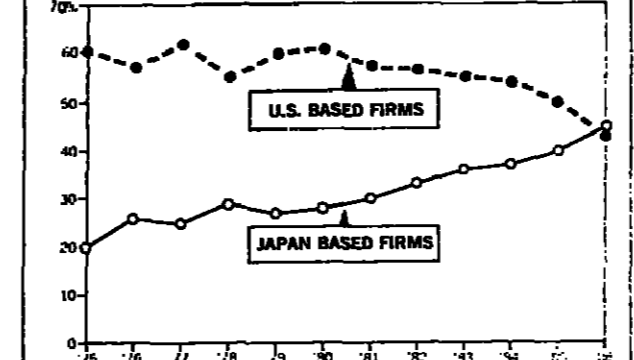
Until now, the United States has always stopped short of actual sanctions in its many trade wrangles with Japan. But it has gone to the mat with semiconductors, a measure of how highly it values its troubled chip industry and fears Japan's thriving one.

In 1986, Japan's share of the world market in integrated circuits, the most important category of semiconductors, exceeded for the first time that of the United States, according to a study by a Pentagon advisory group called the Defense Science Board. Japan's share of the pie was estimated at slightly more than 45 percent, compared with the U.S. figure of about 45 percent.

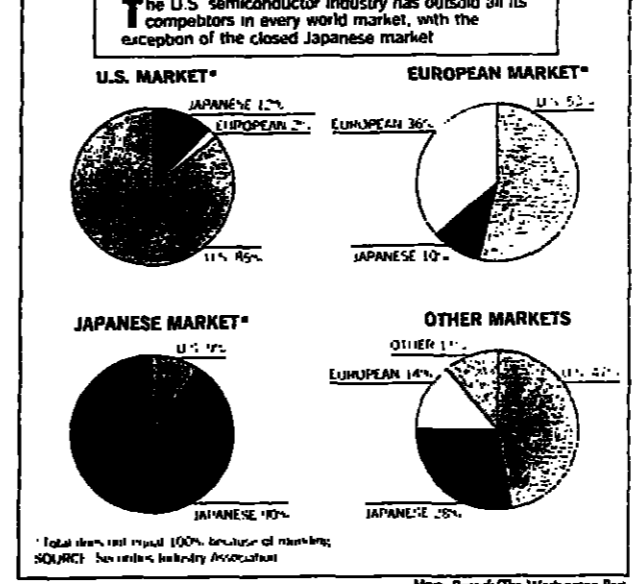
Some of Japan's growth was just a bookkeeping phenomenon caused by the high value of the yen, rather than volume increases. Still, it continues a trend by which the United States is losing ground in an industry where 10 years ago it enjoyed a commanding lead of 60 percent.

A two-and-a-half-year recession in the business worldwide that in the United States has closed chip factories and put 60,000 people out of work has only slightly dented the Japanese industry. It is likely to emerge from the recession stronger than ever. The two industries differ in structure, mirroring contrasts in the national economies and characters of the two societies.

THE COMPETITION IN SEMICONDUCTORS



AVERAGE SEMICONDUCTOR MARKET SHARE 1982-1986: IN PERCENT



Key Indicators In U.S. Up 0.7% For February

The Associated Press

WASHINGTON — The index of leading indicators, the main gauge of future U.S. economic activity, rose a healthy 0.7 percent in February, the Commerce Department reported Tuesday. The department also reported that factory orders rose during that month.

The index registered the best gain since a three-year high, set in December, of 2.4 percent. Orders to U.S. factories for manufactured goods climbed 4.3 percent in February, the best showing in five months, the department said.

It said that the factory orders, bolstered by surging demand for military hardware, climbed to \$194.6 billion in February, after a 5.3 percent drop in January. Even without the big rise in military orders, demand for factory goods would have climbed 3.2 percent in February, it said.

The key category of nondefense capital goods edged up 0.1 percent in February. This advance followed an 8.6 percent decline in January. Analysts have said they do not expect business capital spending to be very robust this year as businesses adjust to the loss of investment tax breaks under the new U.S. tax law.

The 0.7 percent increase in the index for February was accompanied by a substantial upward revision in the January performance, which originally had been reported as a 1.0 percent decline. The January figure was revised to a 0.5 percent drop.

Volatility in both December and January was blamed on the tax law, which caused a spurt of buying activity late last year as businesses and consumers rushed to take advantage of expiring tax breaks.

Analysts said the February increase, which was in line with expectations, was more representative of the economy. The biggest source of strength for February came from the huge rise in stock prices. However, the market, after setting a string of new highs earlier this month, fell sharply on Monday, with the Dow Jones industrial average plunging 57.39 points.

Citicorp Raises Prime to 7.75%

United Press International

NEW YORK — Citicorp said Tuesday that it had raised its prime, or base, lending rate to 7.75 percent from 7.5 percent, effective immediately.

It was the first move in the prime rate since August, when Citicorp, the largest U.S. bank, lowered its rate from 8 percent to the prevailing 7.5 percent level.

Many business and an increasing number of consumer loans are calculated by adding various amounts of percentage points to the prime rate.

Currency Rates

Table of currency rates for various countries including Argentina, Australia, Belgium, Canada, Denmark, France, Germany, Hong Kong, India, Italy, Japan, Korea, Netherlands, New Zealand, Norway, Singapore, South Africa, Sweden, Switzerland, Taiwan, Thailand, United Kingdom, and the U.S. Dollar.

Table of other dollar values for currencies like Argentine peso, Australian dollar, Canadian dollar, Hong Kong dollar, Indian rupee, Japanese yen, Korean won, New Zealand dollar, Norwegian kroner, Singapore dollar, South African rand, Swedish krona, Swiss franc, and Taiwan dollar.

Interest Rates

Table of interest rates for Eurocurrency deposits (1 month to 1 year) and U.S. money market funds (1 month to 3 months).

Key Money Rates

Table of key money rates including discount rate, prime rate, federal funds rate, and various Treasury bills and CDs.

Asian Dollar Deposits

Table of Asian dollar deposits for 1, 2, and 3 months in Hong Kong, London, and New York.

U.S. Money Market Funds

Table of U.S. money market funds including Merrill Lynch Ready Assets and T. Rowe Price Money Fund.

Gold

Table of gold prices in Hong Kong, London, and New York.

To Our Readers

Effective today, the daily World Stock Markets roundup has been expanded to include selected stocks from the Madrid, Helsinki and São Paulo bourses.

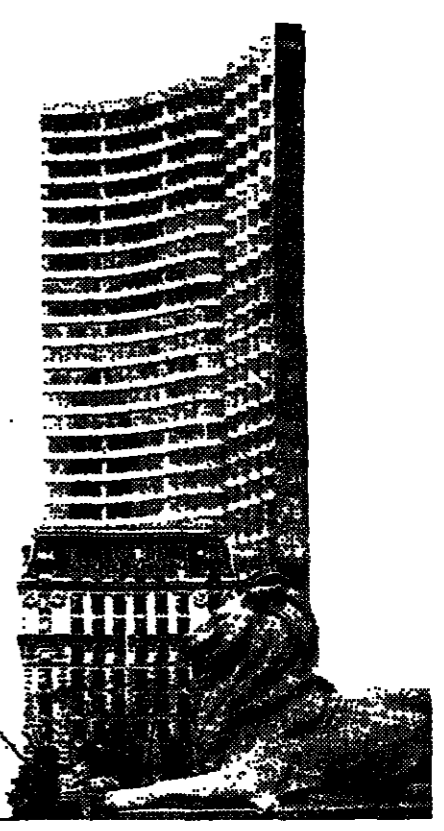
IF YOU PURSUE EXCELLENCE, ONLY ONE BANK CAN KEEP UP.



For Republic National Bank of New York, the relentless pursuit of excellence has achieved nothing less than excellent results. Republic has grown to be the 11th largest bank in the United States, in terms of shareholders' equity. It is active in 19 countries around the world, including the important banking centers of London, Luxembourg, Milan, Paris, Hong Kong, Singapore, Montreal, Tokyo, and of course, New York.

is a single, fundamental principle: the protection of depositors' funds. It should come as no surprise, then, that this pursuit of excellence results in considerable advantages to private banking clients, and the application of the very highest standards of excellence to the handling of your personal finances. Republic's subsidiary in Luxembourg provides private banking clients with the protection of the stringent banking laws of that country, and experienced account officers who speak your language. And Republic's expertise internationally allows you to take advantage of opportunities to better manage your investments on a global scale.

The pursuit of excellence is our commitment. If that is something you expect of your bank, call us today at our Luxembourg office (352) 470 711.



REPUBLIC NATIONAL BANK OF NEW YORK A SAFRA BANK

NEW YORK MIAMI LOS ANGELES MONTREAL LONDON PARIS LUXEMBOURG MONTE-CARLO MILAN GILBRALTAR GUERNSEY HONG KONG SINGAPORE TOKYO PANAMA NASSAU BUENOS AIRES SANTIAGO MONTEVIDEO CARACAS MEXICO CITY PUNTA DEL ESTE RIO DE JANEIRO SAO PAULO

FIGURES AS AT DECEMBER 31, 1986: TOTAL ASSETS: US \$ 16.8 billion SHAREHOLDERS' EQUITY: US \$ 1.6 billion

Tuesday's NYSE Closing

Tables include the afternoon prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Table with columns: 12 Month High/Low, Div, Yld, PE, 52-Week High/Low, Close, Change. Lists various stocks and their performance.

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U.S. Futures Via The Associated Press

Table with columns: Season High, Season Low, Open, High, Low, Close, Change. Lists various futures contracts.

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NYSE Highs-Lows

Table with columns: Stock, High, Low, Change. Lists various stocks and their daily price ranges.

AMEX Highs-Lows

Table with columns: Stock, High, Low, Change. Lists various stocks and their daily price ranges.

NYSE Highs-Lows

Table with columns: Stock, High, Low, Change. Lists various stocks and their daily price ranges.

AMEX Highs-Lows

Table with columns: Stock, High, Low, Change. Lists various stocks and their daily price ranges.

Soviet-Comecon Trade Grew \$2.3 Billion in '86

MOSCOW — Trade by the Soviet Union with its nine partners in the East bloc trading group...

To our Readers in Saudi Arabia

For office delivery of the International Herald Tribune in Riyadh, Jeddah or Al-Khobar...

Paris Commodities

Table with columns: Commodity, Price, Change. Lists various commodities and their prices.

London Metals

Table with columns: Metal, Price, Change. Lists various metals and their prices.

S&P 100 Index Options

Table with columns: Option, Price, Change. Lists various S&P 100 index options.

Asian Commodities

Table with columns: Commodity, Price, Change. Lists various Asian commodities.

Dividends

Table with columns: Company, Dividend, Date. Lists various companies and their dividends.

Spot Commodities

Table with columns: Commodity, Price, Change. Lists various spot commodities.

London Commodities

Table with columns: Commodity, Price, Change. Lists various London commodities.

S&P 100 Index Options

Table with columns: Option, Price, Change. Lists various S&P 100 index options.

DM Futures Options

Table with columns: Option, Price, Change. Lists various DM futures options.

Japan's Unemployment Fell to 2.9% in February

TOKYO — Japan's seasonally adjusted unemployment rate fell to 2.9 percent in February...

U.S. Treasuries

Table with columns: Treasury, Price, Change. Lists various U.S. Treasury securities.

Market Guide

Table with columns: Market, Price, Change. Lists various market indices.

DM Futures Options

Table with columns: Option, Price, Change. Lists various DM futures options.

Japan's Unemployment

TOKYO — Japan's seasonally adjusted unemployment rate fell to 2.9 percent in February...

DM Futures Options

Table with columns: Option, Price, Change. Lists various DM futures options.

Company Results

Table with columns: Company, Revenue, Profit, Change. Lists various companies and their financial results.

United States First City Ind.

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Large advertisement on the right edge of the page, partially cut off, featuring 'Renault's 1986' and 'EMPING'.

BUSINESS ROUNDUP

GAF Proposes to Buy Borg-Warner

NEW YORK — GAF Corp. said today it had offered to acquire Borg-Warner Corp. for about \$3.17 billion, but Wall Street promptly indicated that it expected the bid to go higher.

Renault's Loss Narrowed In 1986; Sales Rose 7.3%

PARIS — The Renault automobile group narrowed its losses by half in 1986, to 5.54 billion francs (about \$925 million) from 10.9 billion francs a year earlier, the government-owned company announced Tuesday.

SNECMA Profit Fell 40% in '86

PARIS — SNECMA, France's state-controlled engine maker, announced Tuesday that 1986 profit fell 40 percent to 46.2 million francs (\$7.7 million) from 76.5 million francs in 1985, while sales rose 11 percent to 10.2 billion francs.

BCal Has £19 Million Loss, Cites Terrorist Fears in U.S.

LONDON — British Caledonian Airways, Britain's second largest airline, on Tuesday reported a loss of £19.3 million (currently \$31.07 million) in 1986 and attributed it mainly to concern in the United States last year about terrorist attacks in Europe.

Commerzbank Will Raise Payout as Net Soared 29.9%

FRANKFURT — Commerzbank AG's parent company net profit rose 29.9 percent in 1986 to 288.2 million Deutsche marks (\$160 million at current rates) from 221.7 million DM a year earlier, prompting the bank to raise its annual dividend to 9 DM from 8 DM a share in 1985, the company announced Tuesday.

Honeywell Bull Called an 'American' Firm

By Arthur Higbee International Herald Tribune Honeywell Bull Inc., the new information systems company formed by Bull of France, Honeywell of the United States and NEC of Japan, will be an American company with American management, according to Jacques Stern, the Frenchman who heads Compagnie des Machines Bull.

Commerzbank Will Raise Payout as Net Soared 29.9%

By Ferdinand Protzman International Herald Tribune FRANKFURT — Commerzbank AG's parent company net profit rose 29.9 percent in 1986 to 288.2 million Deutsche marks (\$160 million at current rates) from 221.7 million DM a year earlier, prompting the bank to raise its annual dividend to 9 DM from 8 DM a share in 1985, the company announced Tuesday.

TEMPING: Flexible Lifestyle

(Continued from first finance page) Managers who temp are usually between jobs or early retirees. Eighty percent are still looking for a permanent job, said Stan Newmark, an executive with Accountemps, a New York division of Robert Half International Inc., the U.S. temporary agency.

COMPANY NOTES

BASF AG, the West German chemical company, said it was halting distribution of home computer disk drives made under license by Sinochem of Singapore. BASF said the fall of the dollar made the arrangement unprofitable. BASF decided in July 1986 to transfer production of the disk drive systems to Sinochem, but to continue to market them in West Germany.

C&W Denies Agreement On Japanese Venture

LONDON — Cable & Wireless PLC, the British telecommunications giant, denied Tuesday that it had reached agreement with Japan, after U.S. and British pressure, allowing it to increase its share in a proposed Japanese international communications company.

The Carlyle Hotel Madison Avenue at 78th Street New York 10021 Cable The Carlyle New York International Telex 620892 Telephone 212-744-1600 Toll Free 1-800-CARLES A member of The Sharp Group since 1967

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Banque Vernes & Commerciale de Paris OFFICIAL STATEMENT The Board of Directors, which met on March 5, 1987, under the Chairmanship of Mr. Gilbert LASPARGUES, approved the 1986 accounts.

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200 years of American history. In the West of England.

Step inside Claverton Manor and you step back into America's past. Through a series of furnished rooms, the American Museum in Britain reconstructs a living picture of domestic life in America from the late seventeenth to the mid-nineteenth centuries.

Floating-Rate Notes

Table of Floating-Rate Notes with columns for Issuer/Mat., Coupon Next, Bid, Ask, and various note details.

Table of Floating-Rate Notes (continued) with columns for Issuer/Mat., Coupon Next, Bid, Ask, and various note details.

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Tuesday's AMEX 3pm Via The Associated Press

Table of AMEX stock prices with columns for High, Low, Open, Close, and various stock symbols.

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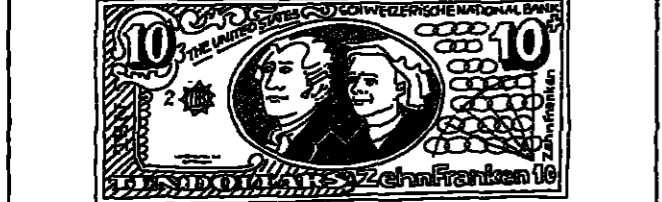
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INTERNATIONAL BUSINESS OPPORTUNITIES



The ideal currency? You want your money to be looked after in the typically Swiss way; prudent investment and sound financial management...

Asia Pacific Growth Fund

Weekly net asset value on 27-3-1987 US \$33.27 Listed on the Amsterdam Stock Exchange

Pounds Sterling

Table of Pounds Sterling exchange rates with columns for Issuer/Mat., Coupon Next, Bid, Ask, and various currency pairs.

Deutsche Marks

Table of Deutsche Marks exchange rates with columns for Issuer/Mat., Coupon Next, Bid, Ask, and various currency pairs.

Japanese Yen

Table of Japanese Yen exchange rates with columns for Issuer/Mat., Coupon Next, Bid, Ask, and various currency pairs.

E.C.U.

Table of E.C.U. exchange rates with columns for Issuer/Mat., Coupon Next, Bid, Ask, and various currency pairs.

Other Currencies

Table of Other Currencies exchange rates with columns for Issuer/Mat., Coupon Next, Bid, Ask, and various currency pairs.

Other Currencies (continued)

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Other Currencies (continued)

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INTERNATIONAL FUNDS (Quotations Supplied by Funds Listed) 31 March 1987

Large table of International Funds with columns for Fund Name, Currency, and various performance metrics.

Other Funds

Table of Other Funds with columns for Fund Name, Currency, and various performance metrics.

Other Funds (continued)

Table of Other Funds (continued) with columns for Fund Name, Currency, and various performance metrics.

Other Funds (continued)

Table of Other Funds (continued) with columns for Fund Name, Currency, and various performance metrics.

Stockholm Offers a Plan To Sell 16% of Procordia

STOCKHOLM — Sweden's Social Democratic government introduced legislation Tuesday to permit a partial sale to the public of shares in Procordia AB, the government-owned...

Science In the HT Every Thursday

A FULL PAGE ON RECENT DISCOVERIES IN SCIENCE AND MEDICINE

Large vertical advertisement on the right edge of the page, partially cut off, featuring 'Dollar F...' and 'Tues...'.



CURRENCY MARKETS

Dollar Firms in Technical Respite

NEW YORK — The dollar generally firmed Tuesday in New York and Europe, but dealers said this was only a respite after Monday's sharp declines, especially against the yen.

London Dollar Rates

Table with columns: Currency, Rate, and other financial data for London Dollar Rates.

pressure against the yen in the near future. Some participants were convinced central banks had supported the dollar in the European markets, after the Bank of Japan's futile attempt Monday, but this could not be confirmed.

Some Frankfurt Dealers See Little Danger of Soaring DM

FRANKFURT — Some West German dealers are concerned that the Deutsche mark will be pushed upward by investors seeking to bail out of the dollar because of the soaring yen, but several Frankfurt dealers said Tuesday that they doubted this would happen.

pan's fiscal year on Tuesday, and said that this was often a time when Japanese exporters liquidated their dollar income. Rumors circulated in Tokyo on Monday that the Bundesbank was intervening massively to defend the dollar. But dealers here said they did not detect it in the market.

Dollar's Plunge Speeds Japanese Diversification Out of U.S. Treasuries

TOKYO — The dollar's tumble to a record postwar low of 144.70 yen here Monday spurred major Japanese investors to further lighten their holdings of U.S. government bonds and is expected to accelerate diversification into foreign and domestic shares, dealers said.

"Diversification of foreign portfolios is under way and we have bought bonds in currencies such as marks, the Canadian dollar, the European Currency Unit and French franc," a fund manager at Yasuda Trust & Banking Co. said.

The trend is quickening. Japanese net purchases of foreign securities in the first half of March fell an estimated \$1 billion compared with average monthly net purchases of \$7.7 billion for the whole of 1986, Finance Ministry sources said.

lined until the currency market stabilizes and the interest rates outlook clarifies," said a currency trader at Nikko Securities Co. on Monday.

CHIPS: U.S. Mounts Assault on Silicon Island to Try to Regain Primacy

(Continued from first finance page) They will check it and give it the toughest judgment. Like many Japanese industries that are expanding to many points in the world, this one started with market protection, close direction and aid from the Ministry of International Trade and Industry and expertise and equipment from the United States.

made," says NEC Kyushu's Mr. Suzuki of his plant in Kumamoto. "Now it's about 10 percent." Production of chips, which contain thousands of microscopic electrical circuits crammed onto postage-stamp-size surfaces, is the type of thing at which Japanese attention to duty and detail is well applied. It is highly exacting, requiring constant repetition of tasks to highly demanding standards.

Last year, the Japanese exported chips valued at about \$3.5 billion, with about 30 percent of them going to the United States. Many more chips were exported in electronic appliances. The Japanese have today virtually banished U.S. makers from the sale of high-powered computer memory devices, the standard "commodity" chips that make up much of the business. They are advancing too in "customized" chips,

a fast-changing field. "Several years ago, a design was good for about two years," says Kouji Koudou, senior manager of Fujitsu Ltd.'s semiconductor division. "Now we have to do a new design every six months." The current feud dates from a 1983-84 boom in chips, the result of soaring sales worldwide of video-cassette recorders, personal computers and other appliances that use them. Shortages developed and companies in the United States and in Japan began investing heavily.

Tuesday's OTC Prices NASDAQ writes on 3 p.m. New York time. Via The Associated Press

Table A: OTC Prices listing various stocks and their prices.

Table B: OTC Prices listing various stocks and their prices.

Table C: OTC Prices listing various stocks and their prices.

Table D: OTC Prices listing various stocks and their prices.

Table E: OTC Prices listing various stocks and their prices.

Table F: OTC Prices listing various stocks and their prices.

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Table AJ: OTC Prices listing various stocks and their prices.

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Table AT: OTC Prices listing various stocks and their prices.



SPORTS

Indiana Nips Syracuse, 74-73, for Title

By John Feinstein
Washington Post Service
NEW ORLEANS — It was a game worthy of the tears that were shed. It had an unlikely hero, virtually every plot twist imaginable and an ending as dramatic as all that had come before.

yet if we're that good a team. But I could not be happier for them."
Smart's shot climaxed a superb game during which both teams kept making runs although neither ever gained control. The biggest lead of the night was eight points, when Syracuse led by 52-44, but Indiana answered that with a 10-0 tear.

Howard Triche, who hit a short shot from the lane with 56 seconds to go.
"I thought our kids did everything we could have asked of them," said Jim Boehm, the Syracuse coach. "We played good defense, we took good shots the entire night."

Instead, the ball went to forward Derrick Coleman; now the Hoosiers fouled. Coleman had been a monster inside all night with 19 rebounds. He had played like a 6-9 superstar instead of a 6-9 freshman.

could not get loose. The ball swung to the left side of the floor. Smart on the perimeter, went inside to Daryl Thomas, who turned and was confronted by Coleman.

A Memorable Showdown — Nobody Lost It

By Ken Denlinger
Washington Post Service
NEW ORLEANS — Midway through the second half, an eerie feeling began wafting through the Superdome. Syracuse by eight points over Indiana caused heads to snap in disbelief.

recruiting letter that Coach Bob Knight sent him at junior college. But Knight can be persistent, and Monday night he was celebrating his third NCAA title because of it.

be excited next season because of the possibilities of turning Smart from point guard to point producer. That schedule got flipped on the swiftest of fast-forwards. No Indiana player shot better from the field than Smart and none had more assists; only the giants, Garrett and Howard Thomas, had more rebounds.

Only his last sweet rainbow kept him from being the second-best point guard on the floor, for Sherman Douglas had one fewer points and one more assist. For a while, it seemed as if Syracuse would have a winner and the Final Four's most outstanding player.

Recall North Carolina over Georgetown here in 1982 — Patrick Ewing's early swats, James Worthy's majestic dunks, freshman Jordan capping the winning jumper; and two other excellent future pros, Sam Perkins and Eric Floyd, in strong supporting roles.

Indiana's Keith Smart: one-on-five before swishing the game-winner (above).

His runner-up move was the five-footer from the left baseline that capped Indiana's first comeback. So high did he soar, so lovely was the body ballet that fetched the basket, that he seemed a slightly smaller version of David Thompson.

Although he brought no nicknames to the final, he left with at least one: In Indiana, he will be Keith (Prexy) Smart.



PIECE OF THE ACTION — After a game-high 23 points, Steve Alford went souvenir hunting.

When it got to 10 seconds and Steve was covered, I had to penetrate and try to get the ball to Daryl. Smart said, "When he was covered he kicked it back to me. I never looked at the clock. I just shot."

The second half was one spurt after another. Syracuse went up by 37-34, then Indiana went ahead 41-37. Then it was Syracuse again, 45-41 and 52-44. That 15-3 run ended with 13:18 remaining in the game.

Finally, it came down to Smart and Thomas. "All the runs back and forth and we never cracked, not once," Thomas said. "At the end, when I looked at that shot and all I saw was Coleman, I thought I might crack. But then I saw Keith and he did the rest. I love the man."

SCOREBOARD

Basketball

Table with columns for NCAA Tournament Summary of 1987 Final, Indiana vs Syracuse, and West Regional First Round results.

Transition

Table listing baseball players and their teams, categorized by league and position.

Most Valuable Players

Table listing the Most Valuable Player for each team in the 1987 NCAA Tournament.

Soccer's Trading Market Is in Full Flower

International Herald Tribune
LONDON — The situation may be purely temporary, but soccer's hypermarket has been deluged at the top of the silly-money league.

erlands' desperate quest to recapture some semblance of its lost bloom. Besides, everyone knows that before the season is up the one other precious Dutchman, Ajax goal-

foot-9 (1.75 meters) and weighs 145 pounds (65.7 kilograms), but is an artist from fingernails to toes.

He invents. Others do the running and the heavy tackling. In pure skill, says Guy Thys, the veteran manager of Belgium's national team, Scifo is blessed with ability granted to only two or three in a generation.

ROB HUGHES

scorer Marco van Basten, will feel the lure of the lire. His destination could even be the same AC Milan. Might fetch two sunflowers' worth, van Basten.

Chinese Sets 10-Kilometer Walk Mark

BEIJING (UPI) — Xu Yongjiu set a world-record time of 44 minutes, 26.5 seconds for the women's 10-kilometer walk Tuesday, the Xinhua news agency reported.

SPORTS BRIEFS

Chinese Sets 10-Kilometer Walk Mark
BEIJING (UPI) — Xu Yongjiu set a world-record time of 44 minutes, 26.5 seconds for the women's 10-kilometer walk Tuesday, the Xinhua news agency reported.

Tyson-Thomas Bout Slated for May 30

NEW YORK (AP) — Mike Tyson, the World Boxing Association and World Boxing Council heavyweight champion, will fight fellow American Pinklon Thomas on May 30 in Las Vegas, promoter Don King announced last Monday. The fight is scheduled for the WBC limit of 12 rounds.

Hockey

NHL Standings table showing points, wins, losses, and overtime losses for various teams.

Exhibition Baseball

MONDAY'S RESULTS table for exhibition baseball games.

Advertisement for 'THE BELLE EPOQUE' book, featuring a bicycle illustration and text describing the book's content and price.

OBSERVER

The Forgotten Camel

By Russell Baker
NEW YORK — Having de-
creased as recently as December
that it was time for journalism to
abandon the tired old-gate suffix
in the naming of scandals, I am
now given a humbling lesson in the
error of dogmatism. Its source is
the scandal of the warring televi-
sion preachers, for which there is
only one possible name: Peary-gate.

Attitudes toward the weary who fall
along the road from Jerusalem to
Jericho, and a suspicion that a life
totally devoted to piling up shekels
was a life of sinful greed.
These deformations account for
my inability to join the communal
rejoicing in the glories of Reagan
Republicanism. Lately, however, I
tend to the less Futurist theory that
the greed approved by Reagan-
ism may be as right and good as
the peartiness of heaven's gates.

Michael Gielen:
A Note of Style

By Andrew Clark
PARIS — Barely 12 hours af-
ter conducting "Die Götter-
dämmerung," the final new pro-
duction of his period as director
of the Frankfurt Opera, Michael
Gielen is in his office conducting
business as usual. The comple-
tion of the production of Wagner's
"Ring" seems to have set the seal
on the endeavors of Gielen and
his team over 10 years of
campaigning on an avant-garde
platform and winning the notoriety
that goes with it. The mix of
cheering and booing that greeted
the production team of "Götter-
dämmerung" at their curtain-call
was a standard ingredient of
most first nights during his re-
gime. He is unrepentant.



Conductor Michael Gielen: "very tired, very happy."

Further these ideals. His previous
experience in Buenos Aires, Vien-
na, Stockholm and the Nether-
lands had been fairly traditional.
He was seeking an approach be-
yond what he calls "naturalistic."
"Whatever I knew was that I want-
ed non-traditional theater that
would look for the spirit of the
music and would translate that
and the hidden contents, the real
contents of each opera. I learned
pretty fast, so at the end of the
first season, with Luigi Nono's
"Al gran sole carico d'amore," I
think we had already established
a general approach, trying to find
a means adequate to every piece."
For other 20th-century works,
including Bernd Alois Zimmer-
mann's "Die Soldaten," Ferruccio
Busoni's "Doktor Faust," the
Janacek operas and others by liv-
ing composers, the house style
won widespread applause, but its
application to the pillars of the
repertoire provoked controversy.
Many of the images in the "Ring"
production by the East German
stage director Ruth Berghaus
seem calculated to divide or even
mystify.

PEOPLE
'Platoon' Tops Oscars

"Platoon," a film of the Vietnam
war that no Hollywood studio
would make, sentimental favorite
Paul Newman and a deaf actress
named Marlee Matlin, were the big
Oscar winners Monday night. "Pla-
toon," an infantryman's view of the
Vietnam war won four awards, the
largest number for a film, including
one for best picture and one for
Oliver Stone, the onetime Vietnam
infantryman who peddled his
script for 10 years, as best director.
The star-packed audience of 5,000
gave Stone, who was twice wound-
ed in Vietnam, a rousing acknowl-
edgment. Newman, 62 and nomi-
nated for best actor six previous
times, was not in the audience to
receive his statuette. "I have been
there every time before and lost.
Maybe if I stay away I'll win," he
said. He finally won after 40
years of filmmaking, recreating a
middle-aged Fast Eddie Felson, the
pool shark he first played 25 years
ago in "The Hustler." He was
nominated then for best actor and
lost. An emotional favorite was the
21-year-old Matlin, who played a
deaf student who falls in love in
"Children of a Lesser God," her
first film.

ANNOUNCEMENTS
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